

# Idaho Economic Forecast

DIRK KEMPTHORNE, Governor

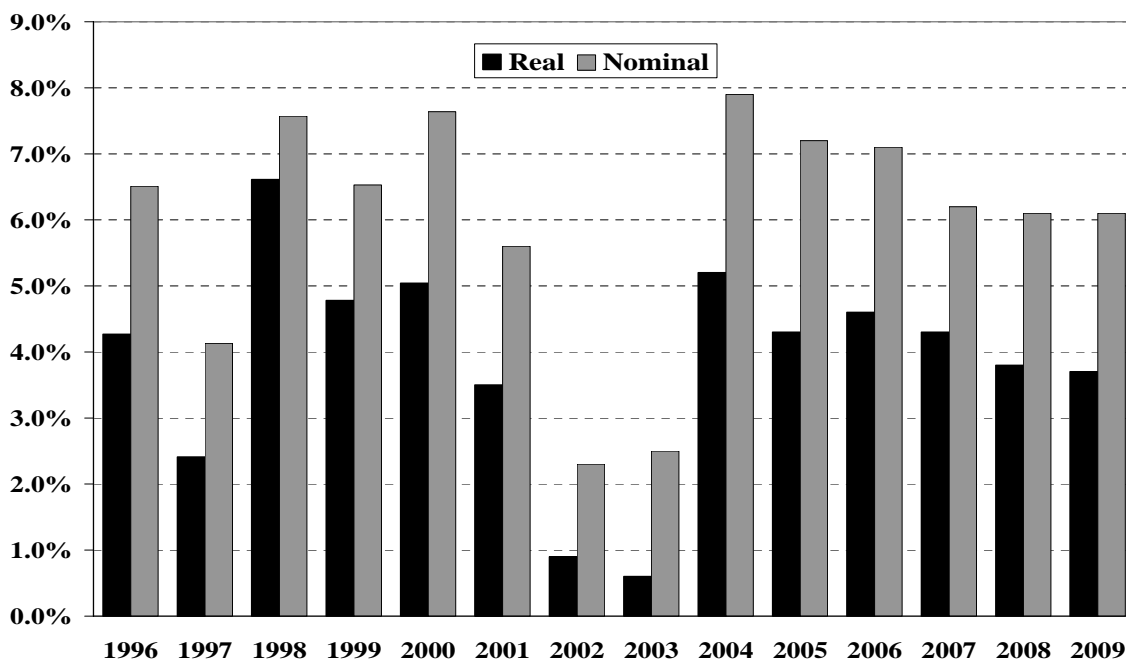
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- Forecast 2005-2009
- Spendthrift Nation
- Alternative Forecasts

**Idaho Real & Nominal Personal Income Growth**



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**IDAHO  
ECONOMIC  
FORECAST  
2005 - 2009**

State of Idaho  
**DIRK KEMPTHORNE**  
Governor

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## PREFACE

Idaho's economy continues to grow and evolve as it enters the 21<sup>st</sup> Century. The 1980s was a decade of stop-and-start economic performance. However, it also ushered in one of the longest expansions in the state's history. Since 1987, nonfarm employment has expanded in every year and has consistently placed Idaho among the top ten fastest growing states in the nation. The 1990s saw a flood of new residents move into the state, causing the population to expand by an astounding 29% from 1990 to 2000. Over this period Idaho personal income nearly doubled. Much of the current expansion results from ongoing structural changes in Idaho's economy.

One of the biggest changes is the rise of the state's high-technology sector. Virtually nonexistent in the 1970s, this sector achieved critical mass in the 1990s to become the state's largest manufacturing employer. The growth of industry giants, such as Micron Technology and Hewlett-Packard, as well as the emergence and expansion of smaller companies, pushed payrolls above even the most optimistic forecasts made in the 1980s. The state's trade sector has also been going through a transformation. The last decade witnessed an influx of national "big box" merchandisers. During this same time, Idaho merchants successfully reached beyond the state's borders. Several regional shopping centers were established that serve locals, as well as attract shoppers from other states and Canada. Visitors fueled the surge in tourism that also benefited trade. Like its national counterpart, the service sector accounts for most of the nonfarm jobs in Idaho. Tourism has also been a boon to the service industry. While traditional factors, such as increasing discretionary income, continue to fuel the demand for services, other influences have emerged. For example, the use of temporary employees in manufacturing has bolstered business services employment. Idaho's outstanding work force has been a major factor in attracting call centers, back office operations, and credit card companies.

While many changes are taking place today, traditional resource industries still play a major role in Idaho's economy. Indeed, the state's mining, agriculture, and timber sectors all experienced lulls in the late 1990s. While displaying more resilience to downturns than in the past, these industries are not totally immune from business-cycle effects. This continuing dependence on natural resources will bring a host of challenges to Idaho.

Other factors that are external to the state's economy will also present challenges to decision makers. Public policy decisions made in Washington, D.C. affect resource industry and federal installations such as the Idaho National Laboratory and the Mountain Home Air Force Base. Finding balanced and acceptable solutions to endangered and threatened species issues and timber supply issues are of major economic significance.

In order to deal effectively with these challenges, public and private decisions need to be made with a thorough understanding of the structure of the state's economy. It is to this end that the *Idaho Economic Forecast* is directed.

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## INTRODUCTION

The national forecast presented in this publication is the November 2005 Global Insight baseline forecast of the U.S. economy. The previous *Idaho Economic Forecast* is based on the September 2005 Global Insight baseline national forecast.

The recent historical and forecasted growth rates for Idaho nominal and real personal incomes are featured on the cover of this *Forecast*. As the chart shows, both these measures of income suffered slow growth earlier this decade. Fortunately, both income measures are on much stronger footing since then and should continue to post respectable gains over the forecast period. Idaho nominal personal income should advance about 7% this year and average about 6% annual growth in the remaining forecast years. Idaho real personal income growth is forecast at 4.6% in 2006, 4.3% in 2007, and an average of about 3.7% yearly in both 2008 and 2009.

## FEATURE

The declining trend of U.S. personal savings hit a new low last year when the savings rate actually dropped below 0%. In other words, U.S. consumers are spending more than their monthly after-tax income. In the feature article, entitled “Spendthrift Nation,” Kevin J. Lansing discusses some of the factors that appear to be driving the secular decline in the personal savings rate. Mr. Lansing is a Senior Economist with the Federal Reserve Bank of San Francisco.

## THE FORECAST

Alternative assumptions concerning future movements of key economic variables can lead to major variations in national and/or regional outlooks. Global Insight examines the effects of different economic scenarios, including the potential impacts of international recessions, higher inflation, and future Federal Reserve Board decisions. Alternative Idaho economic forecasts were developed under different policy and growth scenarios at the national level. These forecasts are included in this report.

Historical and forecast data for Idaho and the U.S. are presented in the tables in the middle section of this report. Detail is provided for every year from 1992 to 2009 and for every quarter from 2003 through 2008. The solution of the Idaho Economic Model (IEM) for this forecast begins with the third quarter of 2005.

Descriptions of the Global Insight U.S. Macroeconomic Model and the IEM are provided in the Appendix. Equations of the IEM and variable definitions are listed in the last pages of this publication.

## CHANGES

The historical employment data used in this forecast was provided by the Idaho Department of Commerce and Labor and was seasonally adjusted by the Idaho Division of Financial Management (DFM). The data consists of final employment estimates through the second quarter of 2005 and preliminary data for the third quarter of 2005. These data show Idaho nonfarm employment was 608,403 in the second quarter of 2005 and 611,745 in the third quarter of that year. Both estimates were close to the employment numbers that were published in the October 2005 *Idaho Economic Forecast*.



The tables in this forecast include the U.S. Bureau of Economic Analysis' September 2005 estimates of Idaho quarterly personal income through the second quarter of 2005. These are the same data that were incorporated into the October 2005 *Idaho Economic Forecast*. New data were not used in the current forecast because they were not available at the time the current forecast was prepared. Additional and revised Idaho personal income data will be available in time for inclusion in the April 2005 *Idaho Economic Forecast*. The new Idaho personal income data will run through the fourth quarter of 2005.

The *Idaho Economic Forecast* is available on the Internet at [http://dfm.idaho.gov/Publications/Econ\\_Publications.html](http://dfm.idaho.gov/Publications/Econ_Publications.html). Readers with any questions should contact Derek Santos at (208) 854-3070 or at [dsantos@dfm.idaho.gov](mailto:dsantos@dfm.idaho.gov).

## SUBSCRIPTIONS

You can access the *Idaho Economic Forecast* for free at  
[http://dfm.idaho.gov/Publications/Econ\\_Publications.html](http://dfm.idaho.gov/Publications/Econ_Publications.html).

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## EXECUTIVE SUMMARY

Idaho's robust economic growth at the beginning of last year and steady growth since then virtually guarantee 2005 was one of the best years in recent memory. Idaho nonfarm employment started the year by growing at a 6.6% annual rate—its strongest showing since the third quarter of 1993. Total employment also topped the 600,000-job threshold in the same quarter. Much of this strength reflected the red-hot construction sector that was creating jobs almost five times faster than during last year's first quarter. Fueling the jump in construction jobs was housing starts in the Gem State, which advanced at an incredible 62.7% annual pace. Boosted by the strong job gain, Idaho nominal personal income grew by a healthy 8.6% annual pace in the first quarter of 2005. Adjusted for inflation, Idaho personal income rose 6.2% in the first quarter of 2005. After enjoying an incredible first quarter, Idaho's economy settled into more sustainable growth during the second quarter of 2005. Idaho nonfarm employment increased at a 2.5% rate. Idaho nominal personal income increased 6.7% in the second quarter while Idaho real personal income grew about half as fast. Idaho nonfarm employment is expected to advance just over 2% in both quarters of the second half of 2005. If this forecast holds, Idaho nonfarm employment will have grown 3.7% in 2005, which would be its best year since 2000. Idaho nominal personal income should rise 7.2%, and real personal income should increase 4.3%. Idaho's economy should continue to grow, but not match the high-water mark it set in 2005. Idaho nonfarm employment should average about 2% growth per year during the 2006-2009 period, raising employment to 661,700 jobs in the terminal year of the forecast. Idaho nominal personal income is forecast to increase 6.4% annually. It is predicted Idaho real personal income will grow 4.1% per year.

It appears the U.S. economy came through this year's record hurricane season in better shape than had been expected. One of the reasons the economy performed well is because it headed into the fall in such strong shape. Fortunately, the damage has been temporary. Nonfarm employment was virtually flat in both September and October, but the employment picture improved in November 2005 with the addition of 215,000 jobs. The national unemployment rate remained below 5% in November 2005. Beginning in 2006, the negative impacts of the storms of 2005 are replaced with the positive influences associated with the rebuilding efforts. For example, this forecast assumes an additional 150,000 housing starts over the next three to four years to replace units destroyed or rendered uninhabitable by the hurricanes and floods. Real GDP is expected to expand 3.4% in 2006, 3.1% in 2007, 3.4% in 2008, and 3.1% in 2009. With the economy once again on solid ground, the nation's central bank will continue raising the federal funds rate in 25-basis point increments through the first half of 2006. The forecast also assumes the existing home mortgage interest rate will rise from 5.9% in 2005 to 7.3% in 2009. The higher interest rates contribute to the gradual decline in U.S. housing starts from 2.1 million units in 2005 to 1.7 million units in 2009. Although the U.S. economy is not expected over the forecast period to replicate 2005's strong showing, growth during the four years following 2005 should be stronger than in the four years preceding it. For example, real output growth averaged 2.3% from 2000 to 2004. It is forecast to be 3.3% over the 2006-2009 period. Employment and real personal income also grow more rapidly in the end of the decade than in the beginning. While the predicted national economic growth is not spectacular, it will be respectable.

**IDAHO ECONOMIC FORECAST  
EXECUTIVE SUMMARY  
JANUARY 2006**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>GDP (BILLIONS)</b>												
Current \$	8,747	9,268	9,817	10,128	10,470	10,971	11,734	12,486	13,248	13,920	14,704	15,517
% Ch	5.3%	6.0%	5.9%	3.2%	3.4%	4.8%	7.0%	6.4%	6.1%	5.1%	5.6%	5.5%
2000 Chain-Weighted	9,067	9,470	9,817	9,891	10,049	10,321	10,756	11,140	11,522	11,876	12,278	12,658
% Ch	4.2%	4.4%	3.7%	0.8%	1.6%	2.7%	4.2%	3.6%	3.4%	3.1%	3.4%	3.1%
<b>PERSONAL INCOME - CURR \$</b>												
Idaho (Millions)	27,287	29,068	31,290	33,054	33,823	34,660	37,394	40,084	42,918	45,566	48,336	51,307
% Ch	7.6%	6.5%	7.6%	5.6%	2.3%	2.5%	7.9%	7.2%	7.1%	6.2%	6.1%	6.1%
Idaho Nonfarm (Millions)	26,350	28,054	30,448	32,039	32,906	33,915	36,286	38,969	41,838	44,423	47,187	50,149
% Ch	7.1%	6.5%	8.5%	5.2%	2.7%	3.1%	7.0%	7.4%	7.4%	6.2%	6.2%	6.3%
U.S. (Billions)	7,423	7,802	8,430	8,724	8,882	9,169	9,713	10,269	10,938	11,583	12,269	12,990
% Ch	7.3%	5.1%	8.0%	3.5%	1.8%	3.2%	5.9%	5.7%	6.5%	5.9%	5.9%	5.9%
<b>PERSONAL INCOME - 2000 \$</b>												
Idaho (Millions)	28,429	29,788	31,289	32,376	32,666	32,846	34,542	36,015	37,669	39,290	40,797	42,323
% Ch	6.6%	4.8%	5.0%	3.5%	0.9%	0.6%	5.2%	4.3%	4.6%	4.3%	3.8%	3.7%
Idaho Nonfarm (Millions)	27,452	28,748	30,447	31,382	31,780	32,140	33,517	35,012	36,721	38,305	39,827	41,368
% Ch	6.1%	4.7%	5.9%	3.1%	1.3%	1.1%	4.3%	4.5%	4.9%	4.3%	4.0%	3.9%
U.S. (Billions)	7,734	7,996	8,429	8,545	8,578	8,689	8,973	9,227	9,600	9,987	10,355	10,715
% Ch	6.4%	3.4%	5.4%	1.4%	0.4%	1.3%	3.3%	2.8%	4.1%	4.0%	3.7%	3.5%
<b>HOUSING STARTS</b>												
Idaho	10,104	10,334	11,469	12,181	13,181	16,300	18,484	23,105	20,055	19,870	19,370	18,495
% Ch	14.0%	2.3%	11.0%	6.2%	8.2%	23.7%	13.4%	25.0%	-13.2%	-0.9%	-2.5%	-4.5%
U.S. (Millions)	1.621	1.647	1.573	1.601	1.710	1.854	1.950	2.061	1.873	1.838	1.813	1.739
% Ch	9.9%	1.6%	-4.5%	1.8%	6.8%	8.4%	5.2%	5.7%	-9.1%	-1.8%	-1.4%	-4.1%
<b>TOTAL NONFARM EMPLOYMENT</b>												
Idaho	520,478	538,103	558,583	568,030	568,023	572,515	588,033	609,974	622,677	635,132	648,975	661,695
% Ch	2.6%	3.4%	3.8%	1.7%	0.0%	0.8%	2.7%	3.7%	2.1%	2.0%	2.2%	2.0%
U.S. (Thousands)	125,924	128,992	131,792	131,833	130,345	129,999	131,475	133,616	135,693	137,599	139,332	140,715
% Ch	2.6%	2.4%	2.2%	0.0%	-1.1%	-0.3%	1.1%	1.6%	1.6%	1.4%	1.3%	1.0%
<b>SELECTED INTEREST RATES</b>												
Federal Funds	5.4%	5.0%	6.2%	3.9%	1.7%	1.1%	1.3%	3.2%	4.7%	4.8%	4.8%	5.0%
Bank Prime	8.4%	8.0%	9.2%	6.9%	4.7%	4.1%	4.3%	6.2%	7.7%	7.8%	7.8%	8.0%
Existing Home Mortgage	7.1%	7.3%	8.0%	7.0%	6.5%	5.7%	5.7%	5.9%	6.8%	6.9%	7.0%	7.3%
<b>INFLATION</b>												
GDP Price Deflator	1.1%	1.4%	2.2%	2.4%	1.7%	2.0%	2.6%	2.8%	2.6%	1.9%	2.2%	2.4%
Personal Cons Deflator	0.9%	1.7%	2.5%	2.1%	1.4%	1.9%	2.6%	2.8%	2.4%	1.8%	2.2%	2.3%
Consumer Price Index	1.5%	2.2%	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	2.6%	1.5%	2.0%	2.2%

**National Variables Forecast by GLOBAL INSIGHT  
Forecast Begins the THIRD Quarter of 2005**

**IDAHO ECONOMIC FORECAST  
EXECUTIVE SUMMARY  
JANUARY 2006**

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>GDP (BILLIONS)</b>												
Current \$	12,199	12,378	12,590	12,778	12,999	13,176	13,330	13,487	13,644	13,823	14,007	14,207
% Ch	7.0%	6.0%	7.0%	6.1%	7.1%	5.6%	4.7%	4.8%	4.8%	5.3%	5.4%	5.8%
2000 Chain-Weighted	10,999	11,089	11,193	11,277	11,385	11,481	11,569	11,653	11,726	11,822	11,923	12,032
% Ch	3.8%	3.3%	3.8%	3.0%	3.9%	3.4%	3.1%	2.9%	2.6%	3.3%	3.4%	3.7%
<b>PERSONAL INCOME - CURR \$</b>												
Idaho (Millions)	39,271	39,914	40,079	41,070	41,804	42,599	43,307	43,963	44,607	45,267	45,885	46,503
% Ch	8.6%	6.7%	1.7%	10.3%	7.3%	7.8%	6.8%	6.2%	6.0%	6.0%	5.6%	5.5%
Idaho Nonfarm (Millions)	37,988	38,770	39,084	40,032	40,779	41,515	42,220	42,840	43,454	44,102	44,740	45,397
% Ch	4.6%	8.5%	3.3%	10.1%	7.7%	7.4%	7.0%	6.0%	5.9%	6.1%	5.9%	6.0%
U.S. (Billions)	10,073	10,221	10,293	10,488	10,683	10,858	11,029	11,183	11,340	11,499	11,661	11,830
% Ch	2.0%	6.0%	2.8%	7.8%	7.6%	6.7%	6.5%	5.7%	5.7%	5.7%	5.8%	5.9%
<b>PERSONAL INCOME - 2000 \$</b>												
Idaho (Millions)	35,722	36,013	35,836	36,488	36,921	37,468	37,938	38,349	38,747	39,129	39,476	39,809
% Ch	6.2%	3.3%	-2.0%	7.5%	4.8%	6.1%	5.1%	4.4%	4.2%	4.0%	3.6%	3.4%
Idaho Nonfarm (Millions)	34,555	34,981	34,946	35,566	36,016	36,515	36,986	37,369	37,745	38,123	38,491	38,862
% Ch	2.3%	5.0%	-0.4%	7.3%	5.2%	5.7%	5.3%	4.2%	4.1%	4.1%	3.9%	3.9%
U.S. (Billions)	9,163	9,222	9,203	9,318	9,435	9,550	9,662	9,755	9,850	9,940	10,032	10,127
% Ch	-0.3%	2.6%	-0.8%	5.1%	5.1%	5.0%	4.8%	3.9%	4.0%	3.7%	3.8%	3.8%
<b>HOUSING STARTS</b>												
Idaho	23,211	22,591	24,814	21,802	20,396	19,986	19,893	19,944	19,951	19,926	19,847	19,755
% Ch	62.7%	-10.3%	45.6%	-40.4%	-23.4%	-7.8%	-1.9%	1.0%	0.1%	-0.5%	-1.6%	-1.8%
U.S. (Millions)	2,083	2,044	2,069	2,047	1,967	1,861	1,833	1,829	1,830	1,839	1,839	1,844
% Ch	24.2%	-7.2%	5.0%	-4.2%	-14.8%	-19.8%	-5.9%	-0.9%	0.3%	2.0%	0.0%	1.0%
<b>TOTAL NONFARM EMPLOYMENT</b>												
Idaho	604,587	608,403	611,745	615,160	618,309	621,477	624,225	626,694	630,081	633,354	636,752	640,339
% Ch	6.6%	2.5%	2.2%	2.3%	2.1%	2.1%	1.8%	1.6%	2.2%	2.1%	2.2%	2.3%
U.S. (Thousands)	132,814	133,429	133,961	134,261	134,876	135,460	135,958	136,479	136,911	137,373	137,818	138,291
% Ch	1.6%	1.9%	1.6%	0.9%	1.8%	1.7%	1.5%	1.5%	1.3%	1.4%	1.3%	1.4%
<b>SELECTED INTEREST RATES</b>												
Federal Funds	2.5%	2.9%	3.5%	4.0%	4.4%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Bank Prime	5.4%	5.9%	6.4%	7.0%	7.4%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Existing Home Mortgage	5.8%	5.8%	5.8%	6.2%	6.5%	6.8%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
<b>INFLATION</b>												
GDP Price Deflator	3.1%	2.6%	3.1%	2.8%	3.1%	2.1%	1.6%	1.8%	2.1%	2.0%	1.9%	2.0%
Personal Cons Deflator	2.3%	3.3%	3.7%	2.6%	2.4%	1.7%	1.6%	1.7%	1.7%	2.0%	1.9%	2.0%
Consumer Price Index	2.4%	4.2%	5.1%	3.2%	2.4%	1.2%	1.2%	1.3%	1.4%	1.7%	1.7%	1.8%

**National Variables Forecast by GLOBAL INSIGHT  
Forecast Begins the THIRD Quarter of 2005**

## NATIONAL FORECAST DESCRIPTION

### **The Forecast Period is the Third Quarter of 2005 through the Fourth Quarter of 2009**

It appears the U.S. economy came through this year's record hurricane season in better shape than had been expected. One of the reasons the economy performed well is because it headed into the fall in such strong shape. For example, real GDP grew at a healthy 4.5% clip (revised up from the preliminary estimate of 3.8%) in 2005's third quarter. Other measures also confirm the economy's strength. National nonfarm employment expanded an average of 198,000 jobs per month from the end of 2004 to August 2005 and the national unemployment rate improved from 5.1% to 4.8% over the same period.

The hurricanes did have impacts on the economy. One the most immediate and widespread impacts was the price of gasoline. Almost over night the price shot above \$3 per gallon after Hurricane Katrina shut down Gulf of Mexico petroleum refineries. Fortunately, the damage has been temporary. Experts expected the price to fall to \$2.50 per gallon by year's end. However, gasoline prices declined faster than anticipated, dropping below \$2 per gallon well before the end of 2005. Nonfarm employment was virtually flat in both September and October, but the employment picture improved in November 2005 with the addition of 215,000 jobs. The national unemployment rate remained below 5% in November 2005. Although official estimates for real GDP in the fourth quarter of 2005 are not available, the expectations for national output have improved. For example, in the previous issue of the *Idaho Economic Forecast*, real output was projected to grow at 2.8% annual pace in the last quarter of 2005. Real GDP is now expected to grow 3% in that quarter.

Beginning in 2006, the negative impacts of the storms of 2005 are replaced with the positive influences associated with the rebuilding efforts. For example, this forecast assumes an additional 150,000 housing starts over the next three to four years to replace units destroyed or rendered uninhabitable by the hurricanes and floods. It has been estimated the government's costs of rebuilding the areas hardest hit by the hurricanes will temporarily delay improvements to the federal deficit. However, this additional spending will boost the economy in the near term. Real GDP is expected to expand 3.4% in 2006, 3.1% in 2007, 3.4% in 2008, and 3.1% in 2009. Consumer price inflation jumped 3.4% in 2005 because of surging energy prices. Eventually energy prices will recede and inflation will once again drop below 3%. With the economy once again on solid ground, the nation's central bank will continue raising the federal funds rate in 25-basis point increments through the first half of 2006. The forecast also assumes the existing home mortgage interest rate will rise from 5.9% in 2005 to 7.3% in 2009. The higher interest rates contribute to the gradual decline in U.S. housing starts from 2.1 million units in 2005 to 1.7 million units in 2009.

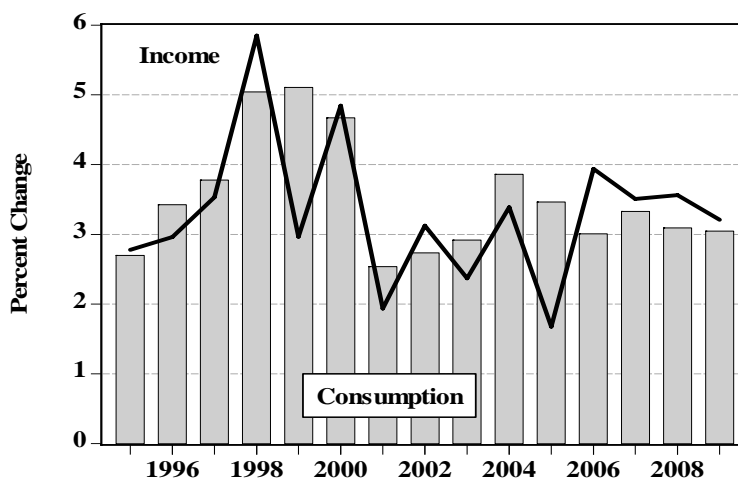
Although the U.S. economy is not expected over the forecast period to replicate 2005's strong showing, growth during the four years following 2005 should be stronger than in the four years preceding it. For example, real output growth averaged 2.3% from 2000 to 2004. It is forecast to be 3.3% over the 2006-2009 period. Employment and real personal income also grow more rapidly in the end of the decade than in the beginning. While the predicted economic growth is not spectacular, it will be respectable.

## SELECTED NATIONAL ECONOMIC INDICATORS

**Consumer Spending:** Real consumer spending should provide less of a boost to the economy than it has in the recent past. This is a significant change. In each year from 2000 through 2002, real consumer spending grew at least one percentage point faster than real GDP. Thanks to the strong spending, the 2001 recession was mild by historical standards. The gap between spending growth and output growth began to narrow as the current expansion took off. However, after posting gains of 3.9% in 2004 and 3.5% in 2005, real consumer spending is expected to downshift to 3.0% in 2006 in response to rising interest rates and the cooling housing market. The first

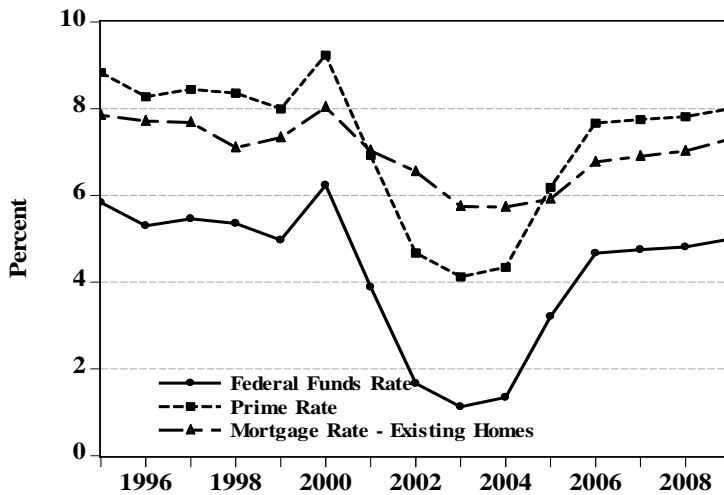
signs of slower spending were actually expected in the last quarter of 2005. After growing by 3.9% annual rate in last year's third quarter, real spending was estimated to move just 0.1% in the last quarter of 2005. This pause in spending is due to the sharp drop-off in light-vehicle sales following the end of automakers' recent "employee discount pricing" marketing campaigns. It is anticipated light-vehicle sales will drop from an annual rate of 17.9 million units in the third quarter of 2005 to 15.7 million units in the last quarter, with light trucks accounting for most of the drop. On an annual basis, light-vehicle sales are expected to fall from 16.8 million units in 2005 to 16.5 million units in 2006, its weakest showing since 1998. Market saturation is another concern for the automotive sector. From 2001 to 2005, the stock of vehicles has risen 2.2% annually, which is much faster than the 1.2% growth of the driving-age population. Car companies are not taking this situation sitting down, and have already implemented their latest incentive programs. Light vehicle sales should gradually recover after 2006 in response to rising real incomes, but it will be 2009 before total sales surpass their previous cyclical peak of 17.3 million units. Near-term consumer spending will be impacted by household budgets stretched thin by rising energy costs. It has been estimated the share of household disposable income spent on energy will climb to a two-decade high of 5.9%. The price of gasoline has retreated from its post-Katrina peak, but persistently high natural gas prices will cause sticker shock this winter. The share of disposable income devoted to energy should decrease as the oil and natural gas supply situation eases over the next three years. The cooling housing market will also limit consumer spending. Consumers have been willing to save less (and spend more) because rising housing prices served as a kind of savings account that grew without making deposits. Consumers also tapped into their home equity in order to finance their recent spending spree. The forecast of slower housing appreciation suggest this source of financing has run its course. After years of adding debt and emptying their savings, consumers will have to live within their means. As a result, real spending is expected to grow more in line with disposable income than it has in the recent past. Real disposable income is anticipated to increase 1.7% in 2005, 3.9% in 2006, 3.5% in 2007, 3.6% in 2008, and 3.2% in 2009. Real consumer spending should grow 3.5% in 2005, 3.0% in 2006, 3.3% in 2007, 3.1% in 2008, and 3.0% in 2009.

### U.S. Real Consumption and Disposable Income Growth



Source: Global Insight

### Selected U.S. Interest Rates



Source: Global Insight

**Financial Markets:** President Bush appointed Ben Bernanke to replace outgoing Federal Reserve Chairman Alan Greenspan. It is assumed Bernanke will be confirmed by the Senate and start his new job on February 1, 2006. Will the changing of the guard at the central bank bring a change in monetary policy? Not likely. Bernanke and Alan Greenspan are more similar than they are different. Both are “big idea” people who are not afraid to question the conventional wisdom. For example, Greenspan was an early convert to the “new economy” and was quick to recognize the productivity boom of the 1990s. Bernanke identified the risks of deflation in late 2002. More recently, he suggested the global savings glut was the

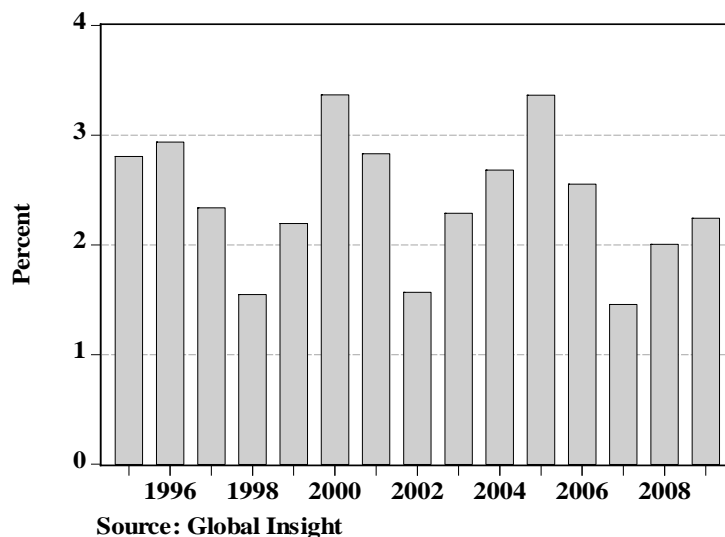
reason for Alan Greenspan’s conundrum of low long-term interest rates despite rising short-term rates. With respect to monetary policy, both men believe the Federal Reserve should be flexible, activist, and gradualist. Importantly, both believe the Federal Reserve should not take pre-emptive actions against bubbles, but, instead, should be aggressive in damage control after the bubbles have burst. Although the outgoing and incoming chairmen agree on many things, they do not agree on everything. Perhaps the biggest difference of opinion between the two is over inflation targeting. Bernanke is an advocate of explicit inflation targeting. Alan Greenspan believes setting explicit inflation targets are not a good idea because they could limit the flexibility of the Federal Reserve. While explicit inflation targeting by the Federal Reserve is unlikely (given it would require an act of Congress), the incoming Chairman is likely to encourage the Federal Open Market Committee to be open about its implicit inflation targets and more transparent about how it chooses to achieve those targets than the outgoing Chairman. Given the strength of the economy and increasing concerns about creeping inflation, it is assumed the Federal Reserve will continue raising its bellwether federal funds rate in 25-basis points increments to 4.75% at the end of March 2006, before taking an extended pause. The Federal Reserve is expected to adjust the federal funds rate upwards by an additional 25 basis points in late 2008, and it will remain at 5.00% for the remainder of the forecast. The rising interest rates may help slow the U.S. dollar’s recent decline, but it will not reverse it because of the heavy downward pressure from the nation’s huge trade deficit. Specifically, the greenback is forecast to fall 2% in 2005, 2.5% in 2006, 6.0% in 2007, 3.6% in 2008, and appreciate 2.1% in 2009. After averaging just below 6% for nearly three years, the 30-year fixed mortgage rate is expected to move upwards to 7.3% by 2007.

**Inflation:** The inflation outlook has improved slightly. Short-term inflation fears were calmed in late 2005, as crude oil and gasoline prices retreated faster than had been anticipated from their post-hurricane spikes. In addition, recent strong productivity and the decline in unit labor costs have raised hopes that prices will increase slower. The price of crude oil dropped below \$60 per barrel and the price of unleaded gasoline declined to around \$2.25 per gallon by late November 2005. In an earlier forecast the price of gasoline was assumed to be around \$2.50 a gallon at the end of 2005. The lower gasoline price is the result of emergency supplies of oil and refined products from abroad. Unfortunately, natural gas prices are expected to remain high because of reduced production caused by last year’s storms. According to the Minerals Management Service, as of November 10, 2005, 40.2% of daily natural gas production in the Gulf of Mexico was shut down. The cumulative hurricane-related production losses are nearly 12% of the Gulf of Mexico’s annual production. With the impact of the production losses in



the Gulf of Mexico and the stronger winter demand for natural gas, the price of natural gas at the end of 2005 should be about 90% above last year's price. Residential natural gas heating costs are expected to jump about 50% this heating season compared to last year's heating season. However, if the winter of 2005-2006 is colder than normal, natural gas prices will climb even higher. The good news is energy prices are near their peaks, and they should start declining. The bad news is they will retreat gradually. This can be seen in the forecast for the energy commodity component of the consumer price index. This energy price measure rose 17.8% in 2004 and an estimated 22.6% in 2005. Thereafter, it is forecast to decline 1.8% in 2006, 7.4% in 2007, 3.2% in 2008, and 0.9% in 2009. Despite the near-term pressure from rising energy prices, the overall consumer price index should grow modestly over the forecast period thanks to healthy productivity growth that keeps employment costs growing at around 4% annually. Overall consumer price inflation is expected to be 3.4% in 2005, 2.6% in 2006, 1.5% in 2007, 2.0% in 2008, and 2.2% in 2009. The core inflation rate (all items less food and energy) is projected to be 2.2% in 2005, 2.4% in 2006, 2.5% in 2007, 2.5% in 2008, and 2.6% in 2009.

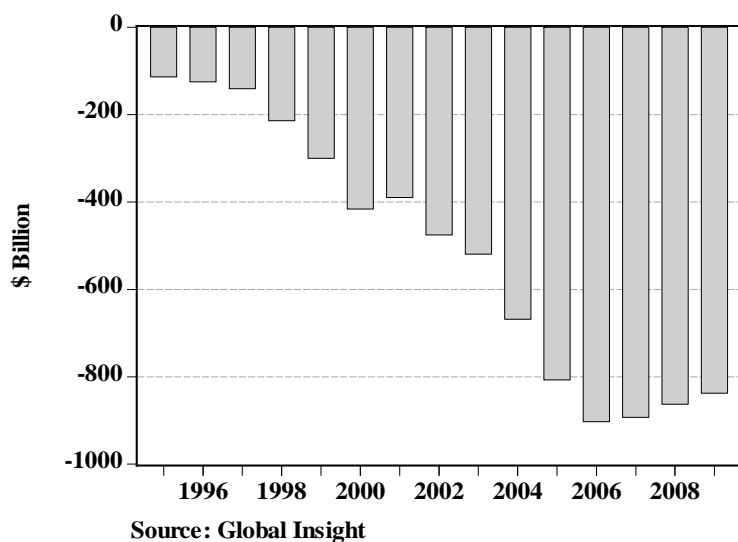
## Consumer Price Inflation



**International:** Global output growth should maintain an above-trend pace through the next few quarters. On an annual basis, real global GDP is expected to advance 3.3% in 2005 and average 3.2% annual growth during the 2007-2010 period. The United States and China should be the two main engines of global activity, as growth in U.S. domestic demand and Chinese production should remain strong. China will be the global economic growth champion. China's economy should increase 9.3% in 2005, 8.5% in 2006, and average 7.5% annual growth from 2007 to 2010. Other developed economies will grow slower than the global pace. Eurozone growth was sluggish during the first half of 2005, and

no marked improvement is foreseen. The region continues to be weighed down by significant economic and political handicaps. As such, real output in the Eurozone is expected to increase just 1.3% in 2005 and 1.6% in 2006, then average 2.0% growth through 2010. The outlook for Japan is brighter than for the Eurozone. The mild upward trend in Japanese consumption, combined with sustained gains in business spending has provided the economy with some much-needed stimulus. Closer to home, the Mexican and South American economies are anticipated to grow faster than the global economy after 2006. Under these conditions, the U.S. trade deficit will grow again in 2006, but will shrink beginning in 2007.

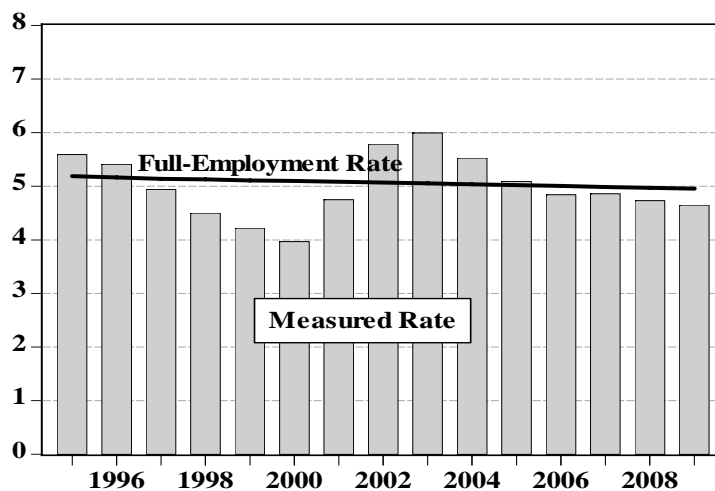
## U.S. Trade Deficit



**Employment:** After a two-month lull, U.S. nonfarm employment increased by a healthy 215,000 jobs in November 2005. This was well above the average monthly job gains of 196,000 for the January-August 2005 period. Battered by the hurricanes that ravaged the Gulf Coast, the U.S. economy eked out just 17,000 jobs in September 2005 and 44,000 jobs in October 2005. The nation's labor market is projected to achieve full employment early in the forecast period thanks to the economy's continuous job production. This a much-welcomed reversal of the situation early in the recovery when dismal job creation caused the unemployment rate to soar. Specifically, the economy experienced no

job gains in 2001 and actually suffered losses in both 2002 and 2003. Not surprisingly, the average unemployment rate jumped nearly one percentage point from 3.97% in 2000 to 4.75% in 2001. The unemployment rate continued to rise even after the 2001 recession had ended, hitting 5.99% in 2003. The job situation finally turned around in 2004, as employment grew 1.1%. This was followed by employment growth of 1.6% in 2005. As a result of 2005's healthy job growth the U.S. unemployment rate declined from 5.4% in December 2004 to 5.0% in October 2005. The unemployment rate is expected to decline to 4.84% in 2006, which is below the full-employment threshold. The labor force is anticipated to remain at full employment for the remaining years of the forecast, as the economy creates jobs at about a one-percent annual pace through 2009. While this is the most likely outcome for the employment, it is not the only one. In one alternative, productivity could soar, energy prices could fall, investment could swell, and foreign economies would be more robust. Under these conditions the unemployment rate would fall to less than 4% by late 2008. Another alternative is one where inflation is high and the Federal Reserve boosts interest rates despite rising unemployment. The resulting stagflation would cause the housing sector to decline steeper than had been forecast. In addition, payroll employment growth would stall in 2006 and 2007, and the unemployment rate would exceed its recent highs.

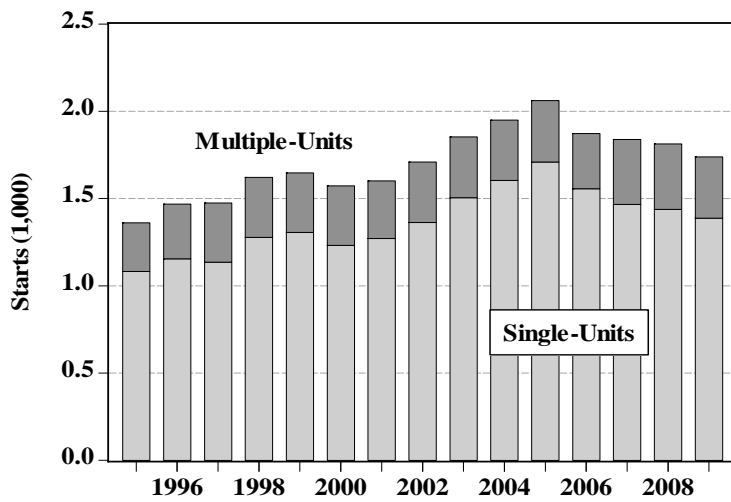
## U.S. Civilian Unemployment Rate



Source: Global Insight

**Housing:** The U.S. housing industry appears to be in transition. Clear signs of strength have been replaced by mixed signals, suggesting this industry may be losing steam. This is an important change because the housing sector has played a major role in propping up the U.S. economy. Industry data from September 2005 show how conflicting the signals have been. New single family home sales rebounded 2.1% last September, but the improvement paled in comparison to the 11.6% decline in the previous month. Average new home sales in August and September were 6% below the second-quarter estimate. More recently, two articles in the *Wall Street Journal* presented divergent pictures of the housing sector. On November 29, 2005 the paper reported the National Association of Realtors estimated sales of previously occupied homes slowed and the inventory of unsold homes grew in October 2005. However, the next day the *Wall Street Journal* published an article describing the U.S. Department of Commerce's findings that new home sales surged in October 2005. The following day the U.S. Department of Commerce reported U.S. construction spending for the first ten months of 2005 was nearly 9% higher than the previous year. Conflicting signals are common when a sector is in transition. Given the housing sector has been red-hot, it means this sector has probably passed its peak. But what a peak it has been. While 1973 set the all-time record for total housing starts, 2005's single-family starts will blow away all

## U.S. Housing Starts



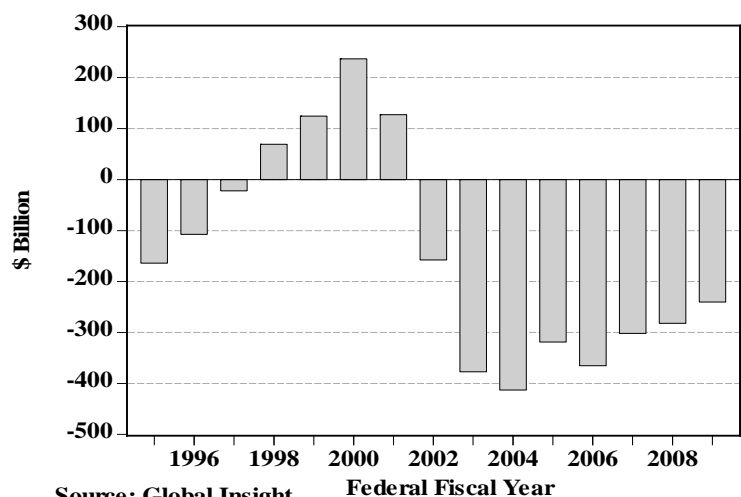
Source: Global Insight

prior records. Single-family starts should reach 1.7 million, which is 6.6% higher than the previous year. Rising mortgage interest rates will make an encore of last year's showing unlikely, however. United States single-family housing starts are projected to be 1.6 million in 2006, 1.5 million in 2007, 1.4 million in both 2008 and 2009. Total housing start are expected to fall from 2.1 million units in 2005, to 1.9 million units in 2006, to 1.8 million units in 2007 and 2008, and 1.7 million units in 2009. The third quarter of 2005 marked the 15<sup>th</sup> consecutive quarter that residential investment had been a positive contributor to the nation's GDP growth.

It is anticipated that it was also the last quarter it will boost growth for about a year and a half. Fortunately, though, the initial blow from the softening residential sector will be cushioned by the nonresidential construction, whose growth is expected to accelerate from 1.8% in 2005 to 13.6% in 2006.

**Government:** When President Bush presented his 2006 budget in January 2005, one of his goals was to reduce the U.S. federal budget deficit by half over five years. In order to meet the deficit targets and accommodate higher discretionary spending on defense, extensions of the 2001 and 2003 tax acts, and other savings and health insurance proposals, Congress was asked to cut \$138 billion in discretionary spending and \$68 billion in mandatory programs. While some questioned whether these ambitious deficit targets could be met, a flood of revenue made it clear the spending reductions necessary to meet the President's long-term deficit in 2010 was significantly lower than had been proposed in January 2005. Despite this windfall, little progress had been made on key spending and tax bills by the summer of 2005. The Congress lost the luxury of time in the fall of 2005. The budget and tax reform processes were turned upside down when the August-September hurricanes hit, energy prices spiked, and avian flu hit the radar screen. By mid-November the House had proposed about \$54 billion in total spending reductions and the Senate \$35 billion in spending cuts. With hurricane-related spending projected to bump emergency outlays nearly \$110 billion in the next four years, the proposed spending cuts fell short of what would have been required to keep the deficit under wraps and fund the extensions of the 2001 and 2003 tax reductions. On the Unified Budget basis, the federal budget deficit is projected to be \$319 billion in 2005, \$365 billion in 2006, \$302 billion in 2007, \$282 billion in 2008, and \$240 billion in 2009.

## U.S. Federal Government Surplus Unified Basis



Source: Global Insight

## **IDAHO FORECAST DESCRIPTION**

### **The Forecast Period is the Third Quarter of 2005 through the Fourth Quarter of 2009**

Idaho's robust economic growth at the beginning of last year and steady growth since then virtually guarantee 2005 was one of the best years in recent memory. Idaho nonfarm employment started the year by growing at a 6.6% annual rate—its strongest showing since the third quarter of 1993. Total employment also topped the 600,000-job threshold in the same quarter. Much of this strength reflected the red-hot construction sector that was creating jobs almost five times faster than during last year's first quarter. Fueling the jump in construction jobs was housing starts in the Gem State, which advanced at an incredible 62.7% annual pace. Boosted by the strong job gain, Idaho nominal personal income grew by a healthy 8.6% annual pace in the first quarter of 2005. It should also be noted that Idaho nominal personal income grew more than four times faster than national personal income. Adjusting for inflation shows Idaho personal income rose 6.2% in the first quarter of 2005. In comparison, U.S. real personal income was flat during the same quarter.

After enjoying an incredible first quarter, Idaho's economy settled into more sustainable growth during the second quarter of 2005. Idaho nonfarm employment increased at a 2.5% rate, as construction employment "slowed" from the previous quarter's 28.1% pace to 6.3% in the second quarter. Idaho housing starts actually declined in the second quarter, but still remained at a very high level. Idaho nominal personal income increased 6.7% in the second quarter while real personal income grew about half as fast. As was the case in the first quarter of 2005, all of these Idaho economic indicators except for construction employment increased faster than their national counterparts.

Idaho nonfarm employment is expected to advance just over 2% in both quarters of the second half of 2005. If this forecast holds, Idaho nonfarm employment will have grown 3.7% in 2005, which would be its best year since 2000. This is more than twice the 1.6% forecasted growth rate for national nonfarm employment. One of the reasons for the Gem State's job advantage is construction. Idaho construction employment is forecast to rise 11.4% in 2005, while national construction employment should grow 3.9%. Idaho nominal personal income should rise 7.2% and real personal income should increase 4.3%. National nominal personal income is anticipated to increase 5.7% and U.S. real personal income should grow 2.8%.

Idaho's economy should continue to grow, but not match the high-water mark it set in 2005. However, Idaho's economy will continue to grow faster than the national economy. Idaho nonfarm employment should average about 2% growth per year during the 2006-2009 period, raising employment to 661,700 jobs in the terminal year of the forecast. This is significantly faster than the expected U.S. nonfarm job growth of 1.3% per year. As in 2005, Idaho personal income, both nominal and real, should grow faster than at the national level. Specifically, Idaho nominal personal income is forecast to increase 6.4% annually. National nominal personal income should rise 6.1% per year. It is predicted Idaho real personal income will grow 4.1% annually and U.S. real personal income will advance 3.8%.

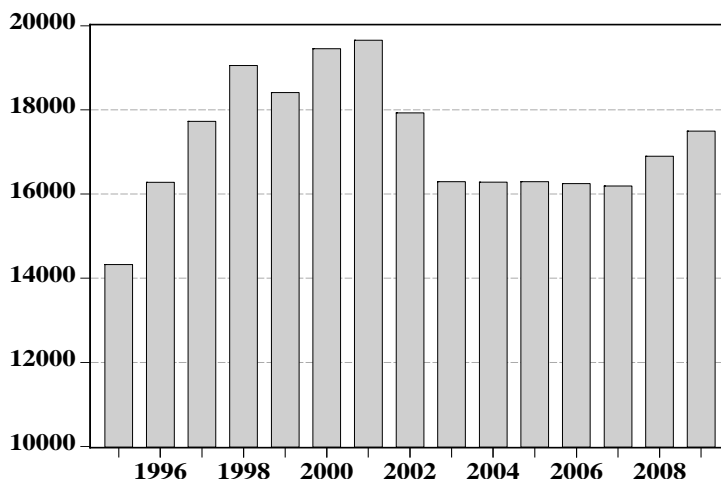
## SELECTED IDAHO ECONOMIC INDICATORS

### Computer and Electronics:

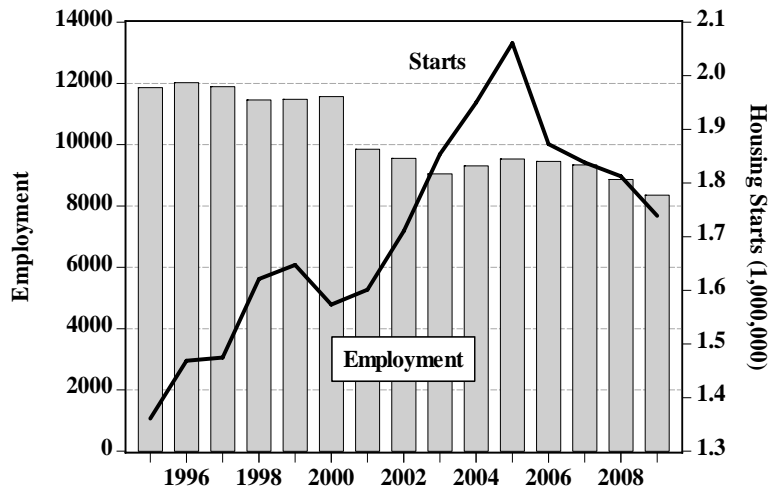
Employment in Idaho's largest manufacturing sector is forecast to remain flat through 2007. This outlook could be viewed as a bottle that is half empty or half full. A pessimist would point out the forecast is disappointing for the sector that was one of the state's most reliable economic growth engines in the 1990s. An optimist would note the outlook means an end to the huge job declines that plagued the computer and electronics sector in the first years of the current decade. A review of this sector's recent history shows why both opinions are valid. During the 1990s several factors combined to create near perfect

conditions for rapid growth. These factors included the growing sophistication of personal computer hardware and software that was a boon to local memory manufacturer Micron Technology. In addition, Micron's computer manufacturing subsidiary grew along with the popularity of personal computers. Hewlett-Packard's Boise plant prospered thanks to its phenomenally successful laser printer line. Zilog and AMI designed and produced application specific integrated circuits for a wide variety of products. Thanks to the success of these and other Idaho-based high-technology companies, Idaho computer and electronics employment advanced an average of 6.3% per year from 1991 to 2001. At this pace, this sector grew to become the state's largest manufacturing employer in 1997. Unfortunately, the high-tech industry entered a protracted downturn early this decade that grounded this high-flying sector. The casualty list from this turn of events included most of Idaho's biggest players. Jabil Circuit, a relatively new arrival on the Gem State's high-tech scene, halted a planned expansion and eventually closed its doors after customer orders evaporated. In 2001, MicronPC.com, SCP Global Technologies, Micron MCMS, AMI, and Hewlett-Packard reduced their staffs. At first, this sector had enough momentum to weather the slowdown, though its employment growth slowed from 5.7% in 2000 to 1.0% in 2001. Unfortunately, the next year was not as prosperous. The Gem State's computer and electronics sector suffered another round of layoffs in 2002; this time employment did not just slow, it plunged 8.8%. This decline was followed by a 9.1% drop in 2003, as Micron Technology reduced its Idaho workforce by about 1,000 in early 2003. The good news is Idaho computer and electronics employment stabilized in 2004. However, this sector is not expected to regain all the jobs lost during the recent high-tech slump. Specifically, Idaho computer and electronics manufacturing employment should advance 0.1% in 2005, retreat 0.3% in both 2006 and 2007, increase 4.3% in 2008, and rise 3.5% in 2009. This forecast does carry a couple of downside risks. Hewlett-Packard recently announced it plans to reduce its company workforce by about 15,000 over the next 18 months. However, the company has not released details of the impacts this move will have on the Boise site. Because of this lack of data, no impacts from the company's latest round of restructuring have been built into this forecast. Another challenge this sector faces is the potential glut of supply in the global semiconductor market. Not all risks are on the downside. Micron Technology is diversifying its product line in order to insulate itself from downturns in the DRAM market. To this end, the company announced it is investing in a new joint venture with Intel to produce NAND flash memory. This type of memory is used in digital cameras, cell phones, and MP3 players.

**Idaho Computer and Electronic Products  
Employment**



### Idaho Wood Product Employment and U.S. Housing Starts



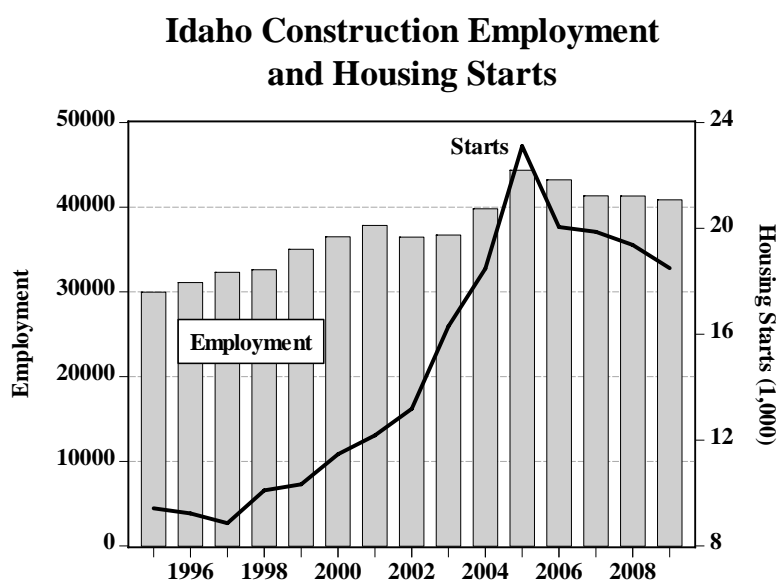
### Logging and Wood Products:

Employment in Idaho's logging and wood products sector is forecast to remain relatively stable over the next few years before falling, beginning in 2008. The start of this sector's recent round of stability actually began in 2004, when employment advanced significantly for the first time in seven years. Prior to 2004's job gain, this sector's employment had declined 25% from 1996 to 2003. This forecast is an improvement over the one made a year ago. Last January, this sector's employment was projected to begin a new round of declines in 2005, which would leave 8,300 jobs in 2008. In the current forecast, Idaho logging and

wood products employment actually increases in 2005. Much of the job improvement reflects the stronger than anticipated housing market. In January 2005, it was believed U.S. housing starts had peaked in 2004 and starts would be softer in 2005. However, this did not happen. National housing starts once again defied almost everyone's expectations by growing above 2 million units in 2005. Not only did this help support Idaho logging and wood products employment in 2005, but by raising the bar, it provides employment stability a ways down the road. Another reason for the more optimistic employment forecast is Idaho logging and wood products employment has remained strong through 2005. The most recent data from the Idaho Department of Commerce and Labor show logging and wood products employment advanced at an 8.6% annual rate in the first quarter of 2005 followed by 10.1% in the second quarter. As a result, mid-year employment was nearly 9,700, which is higher than the previous year's forecast of 9,300 jobs. This sector is also being helped by the weaker U.S. dollar, which is making U.S. wood products more competitive compared to Canadian products. Although this sector out performed the January 2005 forecast, future logging and wood products employment gains will be limited by local capacity constraints and ongoing efficiency measures. Idaho manufacturing capacity is limited because several mills have been closed in recent years and the surviving mills have been forced to produce more products with less labor in order to remain viable. It has been estimated each Idaho logging and wood products employee produced about 215,000 board feet of lumber in 2003, which is well above the 172,000 board feet of lumber per worker produced in 1993. While stronger demand has contributed to the improved outlook, supply issues have not gone away. A major concern is timber supply. The Gem State's logging and wood products sector has been traditionally dependent on timber from public lands, but this source has been shrinking over time. According to the U.S. Forest Service, just over half the timber harvested in Idaho came from public lands in 1993. By 2003, public timber accounted for less than 30% of the total harvest. A significant part of this decline is due to reduced harvests from national forests. The U.S. Forest Service estimates the harvest from Idaho national forests fell from 586.2 million board feet in 1993 to 123.2 million board feet in 2003, a decline of nearly 80%. Looked at another way, in 1993 timber from national forests accounted for more than a third of the total harvest, but just over 12% in 2003. Another concern is the current manufacturing overcapacity. Strong markets in the 1990s led to heavy capital investment in this sector. As a result, it is estimated the industry can produce 20% to 25% more lumber than is being consumed in North America. This capacity is not currently a problem because of strong demand, but can lead to softer prices when demand ebbs.

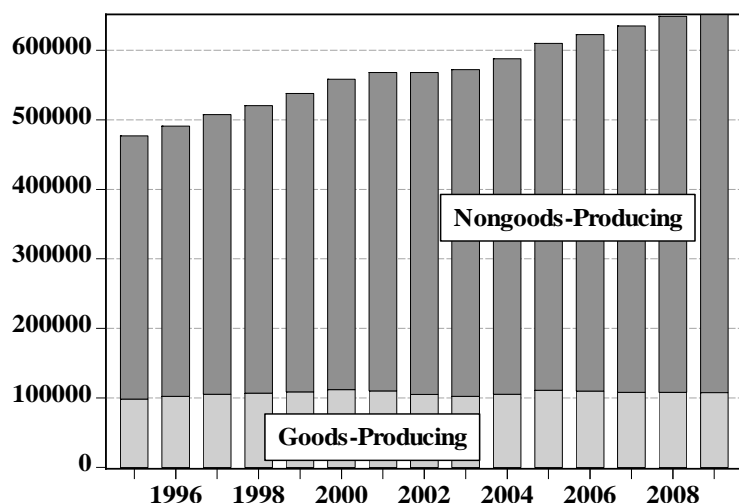
**Mining:** After declining for several years, the Gem State's mining sector's employment has been expanding recently. This sector's employment peaked at nearly 3,000 jobs in 1997. From that year until 2002, this sector's payroll shrank by over 40%, or about 1,200 jobs. The number of mining jobs grew slightly in 2003. It then rebounded noticeably over the next two years, taking mining employment above 2,000 jobs in 2005. It is forecast Idaho mining employment will expand slightly in 2006. If the forecast holds, mining will have grown in four consecutive years. The last time this happened was in the mid-1990s. Idaho mining employment is expected to peak at 2,200 in 2006. While this is about 400 higher than its nadir in 2002, it is well below its previous peak of 3,000 jobs in 1997. Unfortunately, this is a recurring theme for this sector. A timeline of Idaho mining employment displays a downward trend in which any given peak in employment is smaller than the preceding peak. While the mining industry has enjoyed employment gains recently, it will eventually succumb to tougher times. As a result, Idaho mining employment is anticipated to decline after this year.

**Construction:** Much of Idaho's recent economic strength is attributable to the state's healthy construction industry. This strength is evident in both the housing starts and construction employment data. These data measure the industry's robustness in terms of its height and duration. For example, Idaho total housing starts came within striking distance of 25,000 units in the third quarter of 2005—its strongest showing ever. But this is not the only housing record. According to historical records, the number of Idaho housing starts has been growing since 1998, which is the longest on record. During this expansion the number of Idaho housing starts grew from 8,900 in 1997 to 23,100 in 2005—a 160% increase, or about 13% per year. Idaho construction employment has also been on a tear, increasing in 14 of the last 15 years. Construction employment has grown from 20,300 in 1991 to 44,400 in 2005. This sector's growth is even more apparent when compared to total nonfarm employment. From 1991 to 2005, Idaho construction employment advanced by about 5.7% per year. In comparison, Idaho nonfarm employment grew 3.2% annually over this same period. Given the important role the construction sector has played in the state's economic expansion, it is natural to speculate what will happen after the construction boom. Trepidation about the future is valid given the outlook for rising mortgage interest rates and cooling local population growth. These factors suggest Idaho housing starts and construction employment are near their respective peaks. It remains to be seen how fast and how far housing starts and construction jobs will decline. We continue to believe any retreat from recent housing starts and construction employment peaks will be relatively orderly and gradual. First, interest rates and population growth are expected to change gradually, giving the construction industry ample time to adjust. Second, although the Idaho housing sector has been robust, there does not appear to be a serious excess inventory of properties in the state. Third, recent studies to identify communities vulnerable to "housing bubbles" show no Idaho communities are at significant risk (most "bubbles" are concentrated on the coasts). Fourth, Idaho could benefit from a boom in second homes. In light of these factors, Idaho's housing



sector is not expected to bust. Instead, both Idaho housing starts and construction employment should decline gradually from their respective record levels over the forecast period.

### Idaho Nonfarm Employment



**Nongoods-Producing Industries:** The nongoods-producing sector has been and will continue to be an important part of Idaho's economy. For purposes of this section, the focus will be on the private, or nongovernmental, portion of nongoods-producing employment. Idaho government employment is covered in the following section. First, in 2005, the private portion of nongoods-producing employment accounted for over six of every ten nonfarm jobs. Second, Idaho nongoods-producing employment grew an average of 3.4% from 1991 to 2005, which was faster than total nonfarm employment's 3.2% annual average pace. Nongoods-

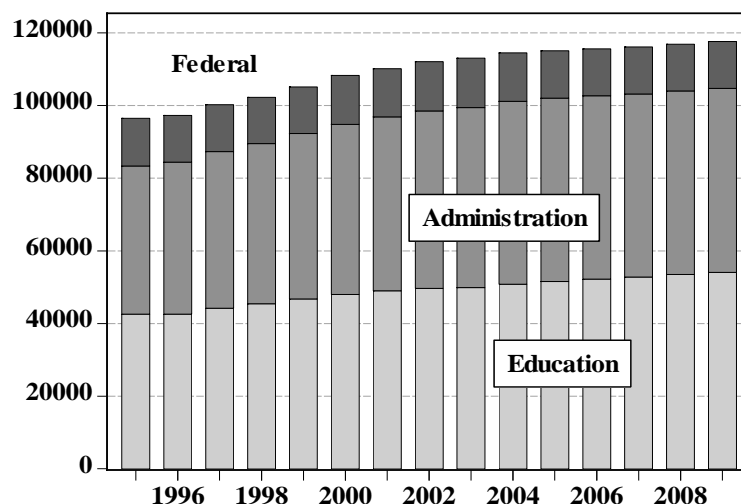
producing employment is split into two major categories: services and trade. The services category is the larger of the two, accounting for 73% of the jobs. Services have also been the fastest growing of the two categories from 1991 to 2005. Specifically, services employment advanced an average of 4.3% per year while trade employment grew 2.6% annually. The services category consists of information services; financial activities, transportation, warehousing, and utilities; professional and business services; education and health services; leisure and hospitality services; and other services. The strongest performing components have been professional & business services and education & health services. The former component added jobs at a 6.3% average annual pace from 1991 to 2005 and the latter component's employment grew an average of 5.6%. The leisure and hospitality, information services, and the other services sectors all grew over 3% per year from 1991 to 2005. Over this same period, transportation and utilities increased 2.5% per year. Financial services advanced an average of 2.4%. Retail trade employment expanded at a 2.8% annual pace from 1991 to 2005 and wholesale trade employment increased at a 2.1% annual rate. Over the forecast period, Idaho total private nongoods-producing employment is expected to average 3.3% growth per year. Services employment should expand at a 3.4% annual rate and trade employment should increase an average of 3.1% per year.

**Government:** Idaho government employment is anticipated to gradually advance over the forecast period, the result of the state's slowing population growth. The positive correlation between government employment and population can be seen in the recent performance of both these measures. Idaho's population expanded nearly 30% from 1990 to 2000. In comparison, the nation's population rose just 13.2% during the same decade. The Gem State's population explosion was fueled by the flood of newcomers into the state. In fact, Idaho net migration was higher than the natural population (births less deaths) increase in every year from 1991 to 2000. The main reason the Gem State proved to be so attractive to newcomers is because in the 1990s it was viewed as an economic oasis in an economic desert. The Gem State proved especially enticing to Californians whose state was suffering its worst downturn since the Great Depression. The burgeoning population stretched the state's existing infrastructure. In an attempt to meet the needs of the growing populace, Idaho's state and local employment payrolls expanded an average of 3.0% per year from 1991 to 2000. Migration into Idaho peaked in 1994, and it has receded since then. In 2001, Idaho's natural population growth was actually



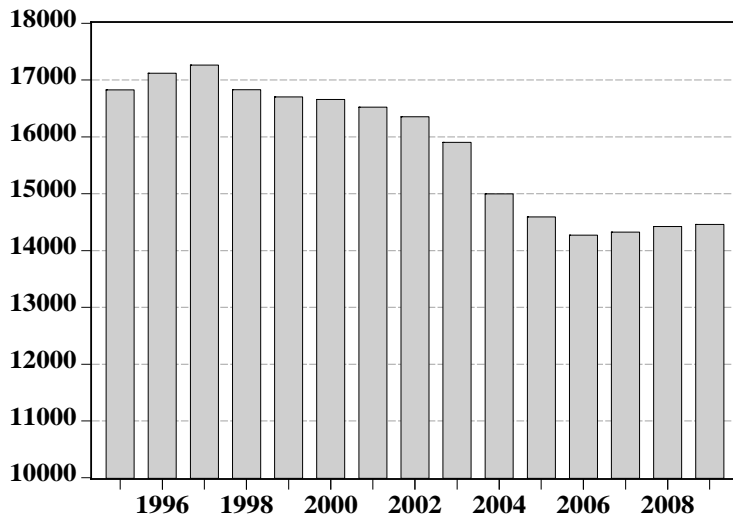
above the migration increase, and the population grew about half as fast as in the previous decade. The slower population growth relieved some of the pressures from Idaho state and local governments, resulting in slower job growth beginning in the early years of the current decade. The state's population growth is expected to continue to slow over the next few years, and this will cause Idaho state and local government employment to grow just under 1% per year. The state's education sector will account for virtually all of the job gains over the forecast period, as local districts expand to meet the needs of growing enrollment. For example, the influx of students into the fast growing Meridian Joint School District finds many of its new schools above capacity when they first open their doors. In response, school district patrons passed a bond to fund the district's building needs. Idaho education-related employment should grow by about 2,500 jobs from 2005 to 2009. On the other hand, Idaho noneducation-related government employment will gain less than 200 jobs over the same period. One factor that could affect the state and local government job forecast is the property tax. Rapid escalation of property values in several parts of the state have once again led to concerns about higher property taxes. In response, the Idaho Legislature formed an interim committee that toured the state in order to get citizens' input on this issue. These meetings yielded several ideas for dealing with the property tax situation. It is anticipated the Legislature will use some of these ideas to form a plan to deal with property tax issues during its 2006 session. The adopted plan will influence local governments because these entities are funded by property taxes. Federal government employment should decline over the next few years. This decline reflects Congress' reaction to swelling federal budget deficits. The latest round of base realignments and closures that has been approved by President Bush will affect federal government employment in Idaho. It has been estimated 660 jobs will be lost, with Mountain Home Air Force Base taking the biggest hit. Unfortunately, the impact to the City of Mountain Home will be relatively high because Mountain Home Air Force Base is the city's largest employer.

## Idaho Government Employment



**Food Processing:** One of the strongest characteristics of the one of the state's cornerstone sectors, food processing, is its ability to adapt. This characteristic has helped it evolve in an ever-changing world. Some of the recent changes have been painful. For example, nearly 360 jobs were lost when unfavorable business conditions caused the J.R. Simplot Company to close its Nampa meat packing plant in the fall of 2003. In addition, the J.R. Simplot Company shuttered its Heyburn potato processing plant that was built in 1960 and since then had run continuously. More recently, the Swift and Company beef processing plant fell victim to the embargo of Canadian beef imports into the U.S. Concerns over mad cow disease restrict imports to animals under 30 months old. The Nampa plant processed older animals and was not able to get enough animals to keep operations viable. About four hundred jobs were lost when the company permanently closed the plant. Although some plants have closed, new plants are opening. For example, Gossner Foods, Inc. has opened a new cheese manufacturing plant in Heyburn on land formerly occupied by the J.R. Simplot plant. This fall Marathon Cheese announced it would build a \$27-million plant in Mountain Home. Company officials estimate the cheese-packing plant will initially employ 250 workers, but employment should climb to twice that many jobs in five years. This would

## Idaho Food Processing Employment



make the plant one of Elmore County's largest employers. The new Gossner and Marathon cheese plants are symbolic of the state's growing dairy industry. According to the USDA, the size of Idaho's dairy herd more than doubled from 208,000 cows in 1994 to 424,000 cows in 2004. Over this same period, milk production more than doubled from 3.8 billion gallons to 9.1 billion gallons. The amount of milk sold to plants also more than doubled during this time. Milk cash receipts grew from a little under one-half billion dollars in 1994 to \$1.4 billion in 2004. Due to this strong growth, Idaho has moved ahead of Minnesota and within striking distance

of Pennsylvania to become the nation's fifth largest milk producer. Cash receipts from dairy farms were higher than those of cattle and calves in three of the last five years on record. One of the reasons for the dairy industry's success is the efficiency of large operations. For example, more than 80% of the state's dairy cows reside in dairies with at least 500 cows. Although cattle and calves cash receipts came in second to dairy receipts, cattle and calves operations are huge contributors to the state's economy. In 2003 and 2004, cattle and calves cash receipts have been over \$1 billion, or about a quarter of all farm cash receipts. Idaho's cattle and calves operations received an early Christmas gift this December when the Japanese government announced it was lifting its embargo on American beef. Prior to the ban on U.S. beef, Japan was Idaho's largest agricultural market, representing nearly one-third of all Idaho agricultural exports. The ban caused the state's Japanese exports to drop to just 18% of Idaho's total for 2004.

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## FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the October 2005 to the January 2006 *Idaho Economic Forecast*. The October 2005 *Idaho Forecast* is based on Global Insight's September 2005 baseline forecast and the January 2006 *Idaho Forecast* is driven by Global Insight's November 2005 baseline U.S. macroeconomic forecast.

A comparison of several key variables reveals the national economic forecast has changed little compared to the previous forecast. The magnitudes of these differences are highlighted in the table on the facing page. The biggest differences between the current and previous forecasts are the inflation outlooks. As the table shows, all inflation indicators have been raised compared to their previous values reported in the October 2005 *Idaho Economic Forecast*. The table also shows that once other key measures are adjusted for this higher inflation, the differences between current and previous measures shrink. For example, nominal GDP is noticeably higher in each year of this forecast compared to the previous forecast. However, real output, which is nominal GDP adjusted for inflation, is little different than its predecessor. The higher inflation has also influenced U.S. personal income, but in a different way. Notice there is little difference between the current and previous forecasts nominal U.S. personal income. After adjusting for the higher inflation in the current forecast, real U.S. personal income is slightly lower compared to the previous forecast. The outlook for U.S. nonfarm employment is virtually unchanged from the previous forecast. Another change influenced by the anticipated higher inflation is the federal funds rate. It is assumed the nation's central bank will respond aggressively to price increases by raising its bellwether short-term interest rate above levels forecast just a few months ago.

Idaho's economic outlook has improved marginally compared to the previous forecast. This improvement is evident in both the nonfarm employment and personal income statistics. Idaho nonfarm employment is projected to be 550 (0.1%) higher than the amount forecast in October 2005. Employment is also stronger in the remaining years of the forecast, with 2006 up 2,056 (0.3%), 2007 up 2,045 (0.3%), and 2008 up nearly 3,000 (0.4%). The stronger Idaho employment outlook, along with the improved average wage forecast, raises the prospects for Idaho wage and salaries, which, in turn, boosts Idaho personal income after 2005. Specifically, compared to its October 2005 counterpart, Idaho nominal personal income is 0.3% higher in 2006, 0.5% higher in 2007, and 0.6% higher in 2008. As the table shows, Idaho real personal income is also stronger than had been previously forecast.

**IDAHO ECONOMIC FORECAST  
FORECASTS COMPARISON  
DIFFERENCES BETWEEN  
JANUARY 2006 AND OCTOBER 2005 FORECASTS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>GDP (BILLIONS)</b>									
Current \$	0	0	0	0	0	13	63	33	40
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.5%	0.2%	0.3%
2000 Chain-Weighted	0	0	0	0	0	5	9	-10	-14
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	-0.1%	-0.1%
<b>PERSONAL INCOME - CURR \$</b>									
Idaho (Millions)	0	0	0	0	0	-88	117	217	281
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	0.3%	0.5%	0.6%
U.S. (Billions)	0	0	0	0	0	-26	-27	-4	3
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.2%	0.0%	0.0%
<b>PERSONAL INCOME - 2000 \$</b>									
Idaho (Millions)	0	0	0	0	0	-54	79	146	137
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.2%	0.4%	0.3%
U.S. (Billions)	0	0	0	0	0	-16	-30	-14	-23
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.3%	-0.1%	-0.2%
<b>TOTAL NONFARM EMPLOYMENT</b>									
Idaho	2	4	4	3	36	550	2,056	2,045	2,284
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.3%	0.4%
U.S. (Thousands)	0	0	0	0	0	-11	19	91	71
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
<b>GOODS PRODUCING SECTOR</b>									
Idaho	1	1	2	1	-2	-967	-873	-1,307	-1,333
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.9%	-0.8%	-1.2%	-1.2%
U.S. (Thousands)	0	0	0	0	0	-5	60	54	2
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.2%	0.0%
<b>NONGOODS PRODUCING SECTOR</b>									
Idaho	1	3	2	2	37	1,517	2,929	3,352	3,617
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.6%	0.6%	0.7%
U.S. (Thousands)	0	0	0	0	0	-5	-42	37	69
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
<b>FINANCIAL MARKETS</b>									
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.1%	0.0%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.1%	0.0%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.4%	0.2%	0.1%
<b>INFLATION</b>									
GDP Price Deflator	0.000	0.000	0.000	0.000	0.000	0.084	0.456	0.374	0.467
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.000	-0.078	0.069	0.121	0.290
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	-0.002	0.002	0.002	0.005

Forecast Begins the **THIRD** Quarter of 2005

## ALTERNATIVE FORECASTS

Global Insight has assigned a 55% probability of occurrence to its November 2005 baseline forecast of the U.S. economy. The major features of this forecast include:

- Real GDP increases 3.6% in 2005, 3.4% in 2006, 3.1% in 2007, 3.4% in 2008, and 3.1% in 2009;
- U.S. nonfarm employment grows 1.6% in 2005, 1.6% in 2006, 1.4% in 2007, 1.3% in 2008, and 1.0% in 2009;
- the annual U.S. civilian unemployment rate falls gradually from 5.1% in 2005 to 4.6% in 2009;
- consumer inflation is 3.4% in 2005, 2.6% in 2006, 1.5% in 2007, 2.0% in 2008, and 2.2% in 2009;
- the current account deficit is \$807 billion in 2005, \$902 billion in 2006, \$893 billion in 2007, \$863 billion in 2008, and \$838 billion in 2009; and
- the federal unified budget deficit is \$319 billion in 2005, then it recedes to \$240 billion in 2009.

### OPTIMISTIC SCENARIO

The *Optimistic Scenario* represents the upside to the baseline forecast. It has been assigned a 20% probability of occurrence. Six assumptions distinguish the *Optimistic Scenario* from the *Baseline Scenario*. First, total factor productivity grows faster in this scenario than in the baseline. The faster productivity growth eliminates economic headaches such as inflation, budget deficits, and sluggish growth. It is the main reason economic growth and employment gains are higher in the *Optimistic Scenario*, yet inflation is lower and the federal budget deficit is lower. Second, foreign economic growth is stronger, which shrinks the current account deficit faster than in the baseline case. Third, business investment is stronger. Fourth, the federal budget deficit is lower than in the baseline, the result of stronger receipts and lower outlays caused by the stronger performing economy in the *Optimistic Scenario*. Fifth, better job growth, lower interest rates, higher consumers confidence, and lower long-term mortgage interest rates combine to boost housing starts above its baseline counterpart.

These assumptions produce a rosier outlook for the U.S. economy. Real output advances nearly a percentage point faster in than in the baseline in both 2006 and 2007. Although output growth and labor markets are stronger, inflation is lower because of the stronger dollar and higher productivity gains. The lower inflation rate allows the Federal Reserve to keep the federal funds rate below the baseline level. Since productivity growth is faster than in the baseline, potential GDP is higher in the *Optimistic Scenario* compared to the *Baseline Forecast*. Job growth is also stronger. Nonfarm employment is 972,300 higher than in the baseline at the end of 2006 and 1.62 million higher at the end of 2007. Not surprisingly, the U.S. unemployment rate is lower in this scenario than in the *Baseline Scenario*.

Ironically, Idaho's economic growth is slower in this scenario than in the baseline. This occurs because higher productivity, which is one of the cornerstones of the national forecast, means output is produced with fewer hours. This key feature of the *Optimistic Scenario* translates into fewer jobs for the Gem State. Specifically, Idaho nonfarm employment is expected to advance an average of 1.9% to 656,600 jobs in 2009 in the *Optimistic Scenario*. This is slower than its baseline counterpart, which increases 2.1% annually to 661,700. Idaho's goods-producing sector is hit the hardest. In 2009, this sector's employment, which consists of manufacturing, mining, and construction, is about 4,300 lower (4%) than in the *Baseline Scenario*. Nongoods-producing employment is down just 0.1% in 2009 compared to its baseline

**IDAHO ECONOMIC FORECAST**  
**BASELINE AND ALTERNATIVE FORECASTS**  
**JANUARY 2006**

	BASELINE					OPTIMISTIC					PESSIMISTIC				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
<b>GDP (BILLIONS)</b>															
Current \$	12,486	13,248	13,920	14,704	15,517	12,491	13,345	14,096	14,902	15,708	12,482	13,197	13,772	14,621	15,614
% Ch	6.4%	6.1%	5.1%	5.6%	5.5%	6.4%	6.8%	5.6%	5.7%	5.4%	6.4%	5.7%	4.4%	6.2%	6.8%
2000 Chain-Weighted	11,140	11,522	11,876	12,278	12,658	11,144	11,628	12,090	12,558	12,979	11,136	11,447	11,601	11,908	12,250
% Ch	3.6%	3.4%	3.1%	3.4%	3.1%	3.6%	4.3%	4.0%	3.9%	3.4%	3.5%	2.8%	1.3%	2.6%	2.9%
<b>PERSONAL INCOME - CURR \$</b>															
Idaho (Millions)	40,084	42,918	45,566	48,336	51,307	40,071	42,576	44,934	47,390	49,964	40,078	43,264	46,743	50,210	54,273
% Ch	7.2%	7.1%	6.2%	6.1%	6.1%	7.2%	6.3%	5.5%	5.5%	5.4%	7.2%	8.0%	8.0%	7.4%	8.1%
U.S. (Billions)	10,269	10,938	11,583	12,269	12,990	10,270	10,976	11,673	12,377	13,083	10,267	10,938	11,581	12,292	13,131
% Ch	5.7%	6.5%	5.9%	5.9%	5.9%	5.7%	6.9%	6.4%	6.0%	5.7%	5.7%	6.5%	5.9%	6.1%	6.8%
<b>PERSONAL INCOME - 2000 \$</b>															
Idaho (Millions)	36,015	37,669	39,290	40,797	42,323	36,016	37,559	39,096	40,513	41,897	35,990	37,416	39,161	40,682	42,454
% Ch	4.3%	4.6%	4.3%	3.8%	3.7%	4.3%	4.3%	4.1%	3.6%	3.4%	4.2%	4.0%	4.7%	3.9%	4.4%
U.S. (Billions)	9,227	9,600	9,987	10,355	10,715	9,231	9,682	10,156	10,581	10,971	9,220	9,460	9,703	9,960	10,272
% Ch	2.8%	4.1%	4.0%	3.7%	3.5%	2.9%	4.9%	4.9%	4.2%	3.7%	2.8%	2.6%	2.6%	2.6%	3.1%
<b>TOTAL NONFARM EMPLOYMENT</b>															
Idaho	609,974	622,677	635,132	648,975	661,695	609,922	622,010	632,882	645,394	656,604	609,965	622,227	632,332	645,486	659,672
% Ch	3.7%	2.1%	2.0%	2.2%	2.0%	3.7%	2.0%	1.7%	2.0%	1.7%	3.7%	2.0%	1.6%	2.1%	2.2%
U.S. (Thousands)	133,616	135,693	137,599	139,332	140,715	133,623	136,342	139,002	141,167	142,593	133,607	135,362	136,009	136,787	138,313
% Ch	1.6%	1.6%	1.4%	1.3%	1.0%	1.6%	2.0%	2.0%	1.6%	1.0%	1.6%	1.3%	0.5%	0.6%	1.1%
<b>GOODS-PRODUCING SECTOR</b>															
Idaho	111,124	110,006	108,052	108,101	107,489	111,082	109,696	106,464	105,113	103,197	111,185	110,851	107,331	107,536	108,228
% Ch	5.4%	-1.0%	-1.8%	0.0%	-0.6%	5.4%	-1.2%	-2.9%	-1.3%	-1.8%	5.5%	-0.3%	-3.2%	0.2%	0.6%
U.S. (Thousands)	22,136	22,263	22,222	22,188	22,157	22,139	22,426	22,660	22,779	22,751	22,148	22,417	21,920	21,302	21,176
% Ch	1.2%	0.6%	-0.2%	-0.2%	-0.1%	1.2%	1.3%	1.0%	0.5%	-0.1%	1.2%	1.2%	-2.2%	-2.8%	-0.6%
<b>NONGOODS-PRODUCING SECTOR</b>															
Idaho	498,849	512,671	527,080	540,874	554,205	498,840	512,315	526,418	540,281	553,407	498,780	511,377	525,002	537,950	551,444
% Ch	3.4%	2.8%	2.8%	2.6%	2.5%	3.4%	2.7%	2.8%	2.6%	2.4%	3.4%	2.5%	2.7%	2.5%	2.5%
U.S. (Thousands)	111,480	113,430	115,376	117,144	118,558	111,484	113,916	116,341	118,388	119,842	111,458	112,945	114,089	115,485	117,137
% Ch	1.7%	1.7%	1.7%	1.5%	1.2%	1.7%	2.2%	2.1%	1.8%	1.2%	1.7%	1.3%	1.0%	1.2%	1.4%
<b>SELECTED INTEREST RATES</b>															
Federal Funds	3.2%	4.7%	4.8%	4.8%	5.0%	3.2%	4.2%	4.3%	4.3%	4.5%	3.2%	5.6%	7.1%	7.4%	6.4%
Bank Prime	6.2%	7.7%	7.8%	7.8%	8.0%	6.2%	7.2%	7.3%	7.3%	7.5%	6.2%	8.6%	10.1%	10.4%	9.4%
Existing Home Mortgage	5.9%	6.8%	6.9%	7.0%	7.3%	5.9%	6.4%	6.4%	6.5%	6.7%	5.9%	8.6%	9.3%	7.5%	7.6%
<b>INFLATION</b>															
GDP Price Deflator	2.8%	2.6%	1.9%	2.2%	2.4%	2.8%	2.4%	1.6%	1.8%	2.0%	2.7%	2.8%	3.0%	3.4%	3.8%
Personal Cons Deflator	2.8%	2.4%	1.8%	2.2%	2.3%	2.8%	2.4%	1.6%	1.8%	2.0%	2.9%	3.8%	3.2%	3.4%	3.6%
Consumer Price Index	3.4%	2.6%	1.5%	2.0%	2.2%	3.3%	2.0%	1.1%	1.6%	1.9%	3.4%	4.0%	2.5%	2.9%	3.5%

Forecast Begins the THIRD Quarter of 2005

counterpart. The lower employment outlook drags down Idaho personal income. In the *Optimistic Scenario*, Idaho nominal personal income growth averages 5.7% from 2005 to 2009 and Idaho real personal income growth averages 3.9% over this same period. In the *Baseline Scenario*, Idaho nominal and real personal incomes average 6.4% and 4.1%, respectively.

## PESSIMISTIC SCENARIO

The downside risks to the baseline scenario are explored in the *Pessimistic Scenario*. Also known as the *Stagflation Scenario*, this alternative forecast has been assigned 25% probability of occurrence. This alternative assumes there is less spare capacity in the U.S. and the rest of the world. Without this cushion, prices rise faster than in the baseline case. Inflation is also fueled by the assumption of a weaker dollar, which pushes up import prices. The dollar loses nearly a fifth of its value versus the currencies of its major trading partners over the course of the forecast, which is much steeper than the dollar's decline in the baseline case. The weaker dollar also causes foreign investors to invest in other currencies, which lowers the flow of foreign funds into the U.S., putting upward pressure on domestic interest rates. The pessimistic simulation also includes a housing price bubble that ends inauspiciously. The housing bubble bursts next year, and by 2007, the average price tumbles more than 20% below its year-earlier value, and then stays below its baseline value through the forecast period.

Consumer confidence suffers at the hands of higher interest rates and persistently high energy prices. Consumers rein in discretionary spending and the U.S. economy slows. Core inflation stabilizes, but fails to retreat sufficiently for the Federal Reserve. In response, the nation's central bank declares war on rising prices. The Federal Reserve raises its federal funds rate steadily to a peak of 7.75% in the first quarter of 2008, which is 300 basis points higher than in the baseline. This bellwether rate falls gradually to 6.25% by the end of the forecast horizon, but this is still much higher than the baseline's 5.00%. With the weak dollar boosting trade, GDP growth begins to accelerate, bringing the unemployment rate down. As investment picks up, potential output rises relative to actual output, easing upward pressures on prices. Despite the multitude of challenges, the economy does not sink into a recession in this alternative. Instead, it fails to come as close to its potential as in the baseline.

Given the lower trajectory of the national economy presented in this scenario, it is no surprise Idaho nonfarm employment underperforms its baseline counterpart. As the accompanying table shows, Idaho nonfarm job growth is weaker than in the baseline in every year of the forecast, so that by 2009 employment is about 2,000 lower than the baseline's 661,700 jobs. What is interesting is Idaho personal income is slightly stronger than in the baseline case. For example, Idaho nominal personal income is \$54.3 billion in 2009 in this scenario compared to \$51.3 billion in the baseline. While most of the difference is explained by the higher inflation in the *Optimistic Scenario*, it does not explain all of the difference. This can be seen in the Idaho real personal income forecast for 2009. Even after adjusting for this scenario's higher inflation, Idaho real personal income is slightly higher in 2009 in this scenario compared to the *Baseline Scenario*.



## **Spendthrift Nation**

*Kevin J. Lansing*<sup>1</sup>

In September 2005, the personal saving rate out of disposable income was *negative* for the fourth consecutive month. A negative saving rate means that U.S. consumers are spending more than 100% of their monthly after-tax income. The recent data are part of a trend of declining personal saving rates observed for two decades. During the 1980s, the personal saving rate averaged 9.0%. During the 1990s, the personal saving rate averaged 5.2%. Since 2000, the personal saving rate has averaged only 1.9%.

This *Economic Letter* discusses some of the factors that appear to be driving the secular decline in the personal saving rate. These factors include rapid increases in stock market and residential property wealth, which households apparently view as a substitute for the quaint practice of putting aside money each month from their paychecks. Rapidly rising stock and house prices, fueled by an accommodative environment of low interest rates and a proliferation of "exotic" mortgage products (loans with little or no down payment, minimal documentation of income, and payments for interest-only or less) have sustained a boom in household spending and provided collateral for record-setting levels of household debt relative to income.

Going forward, the possibility of cooling asset markets and rising borrowing costs may cause the personal saving rate to revert to levels which are more in line with historical averages. While such a development would act as near-term drag on household spending and GDP growth, an increase in domestic saving would help correct the large imbalance that now exists in the U.S. current account (the combined balances of the international trade account, net foreign income, and unilateral transfers).

### **Measurement issues**

The aggregate personal saving rate computed by the U.S. Bureau of Economic Analysis (BEA) is the fraction of after-tax personal income that remains after subtracting various types of consumption expenditures. Some commentators argue that the BEA understates the actual saving rate because the definition of saving omits capital gains on stock portfolios and real estate which, other things equal, raise the net worth of households. Others maintain that capital gains should not be included in the definition because they represent the return from past saving activity which has already been counted; assets showing capital gains today were presumably acquired in the past using the residual of disposable income minus consumption. Many also note that capital gains on previously acquired assets can be fleeting if they are the result of speculative price appreciation, i.e., bubbles. Finally, even when justified by fundamentals, price appreciation on previously acquired assets does not create any new productive assets. The latter are a crucial source of long-run productivity gains and improved living standards.

Other issues surrounding the measurement of the saving rate include the method of accounting for employer pension contributions (which are treated as income even though these funds are not available for immediate use by households) and education expenditures by households (which are treated as consumption even though the spending may augment the stock of human capital).

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<sup>1</sup> This article originally appeared in the Number 2005-30; November 10, 2005 *FRBSF Economic Letter*. Opinions expressed in this article are those of the authors and do not necessarily reflect the views of the management of the Federal Reserve Bank of San Francisco or the Board of Governors of the Federal Reserve System.

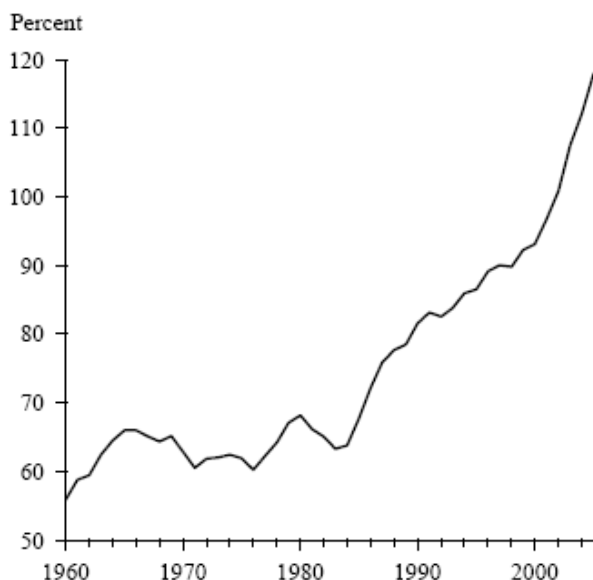
While measurement issues can influence the computed level of the saving rate on a given date, the basic claim that household saving activity has been declining over time remains valid. Other evidence supports the idea that U.S. households are becoming less saving-oriented and more consumption-oriented. The ratio of nominal U.S. personal consumption expenditures to nominal GDP has been trending up since the early 1980s and is now hovering near an all-time high of 70% (Figure 1). The U.S. consumption binge has been accompanied by a parabolic rise in household debt; the ratio of total household debt to personal disposable income now stands at an all-time high of 118% (Figure 2).

Much of the recent run-up in household debt has been mortgage-related; low interest rates have spurred a refinancing boom that has allowed consumers to extract equity from their homes to pay for a variety of goods and services. According to data compiled by Greenspan and Kennedy (2005), borrowing against home equity generated an average of \$425 billion per year in spendable cash from 2001 through 2004—more than twice the average of \$177 billion per year over the preceding four-year period.

**Figure 1**  
Ratio of personal consumption expenditures to GDP



**Figure 2**  
Ratio of household debt to personal disposable income



### Explaining the declining saving rate

A large body of research has examined the causes and consequences of the declining personal saving rate (for an overview, see Marquis 2002). Building on this research, a simple statistical model of household saving behavior can be constructed by regressing the personal saving rate on a constant and three explanatory variables: (1) the ratio of household stock market wealth to personal disposable income, (2) the ratio of household residential property wealth to personal disposable income, and (3) the yield on a 10-year Treasury bond. The explanatory variables are plotted in Figure 3. The wealth ratios capture the idea that households perceive asset appreciation to be a substitute for the practice of saving out of wage income. The 10-year Treasury yield is a measure of the perceived return to saving and captures the fact that asset valuation ratios are strongly influenced by movements in nominal interest rates (see Lansing 2004).

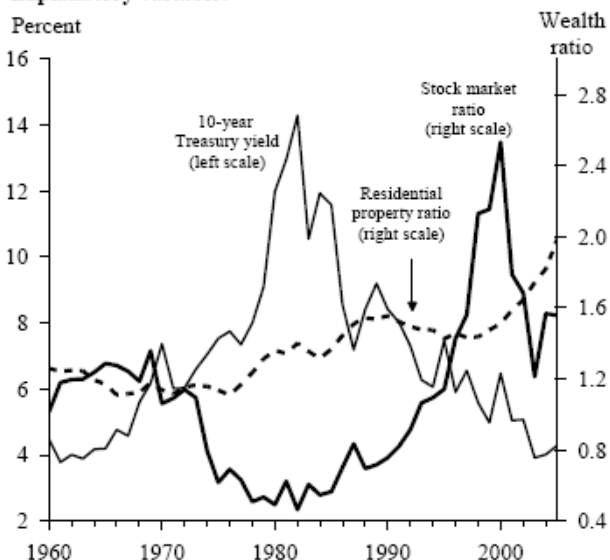
Figure 4 plots the U.S. personal saving rate together with the fitted saving rate from the model. The simple behavioral model can account for 89% of the variance in the U.S. personal saving rate from 1960:Q1 to 2005:Q1. A slightly improved fit can be obtained by adding a time trend to the regression equation. A time trend is a proxy for ongoing credit industry innovations (growth of subprime lending, home equity loans, exotic mortgages, etc.) which have expanded consumer access to borrowed money and reduced the need for precautionary saving.

Figure 4 suggests that the decades-long decline in the U.S. personal saving rate is largely a behavioral response to long-lived bull markets in stocks and housing together with falling nominal interest rates over the same period. Since 2000, the rate of residential property appreciation has been more than double the growth rate of personal disposable income. In many areas of the country, the ratio of house prices to rents (a valuation measure analogous to the price-earnings ratio for stocks) is at an all-time high, raising concerns about a housing bubble. Reminiscent of the widespread margin purchases by unsophisticated investors during the stock market mania of the late-1990s, today's housing market is characterized by an influx of new buyers, record transaction volume, and a growing number of property acquisitions financed almost entirely with borrowed money.

**Figure 4**  
Actual versus fitted saving rate



**Figure 3**  
Explanatory variables



According to the model, the personal saving rate would be expected to halt its decline and start moving up if stock or housing markets sagged, or if long-term interest rates jumped, say, due to inflation fears. An increase in the personal saving rate would slow the growth of household spending which, in turn, would have negative implications for the derived demands of business investment, inventory accumulation, and business hiring. But, on a positive note, a pickup in saving activity in the household sector would help offset the ongoing deficit spending in the government sector. A rise in net domestic saving would reduce the U.S. economy's reliance on foreign capital inflows as a source of saving. At present, the U.S. current account deficit stands at more than 6% of GDP, implying that the U.S. economy must draw in around \$3 billion per day from foreign investors to finance domestic spending.

## **Policy implications**

The decline in domestic saving activity and the accompanying increase in the U.S. current account deficit have been labeled "unsustainable" by many analysts and commentators. To help bring about a smooth, orderly adjustment of the imbalance, former Federal Reserve Chairman Paul Volcker (2005) has called for the United States to undertake a combination of policy measures to "forcibly increase its rate of internal saving, thereby reducing its import demand."

Policy options to increase internal saving include: (1) a decision by lawmakers to restore fiscal discipline in the government sector, (2) tax reforms that encourage saving by shifting the tax base towards consumption, and (3) the use of monetary policy to lean against asset price bubbles, since these stimulate consumption at the expense of saving. The first two options face hurdles of political feasibility, while the third remains somewhat controversial; it is an unsettled question whether central banks should take steps to prevent or deflate asset price bubbles (see Lansing 2003 and Rudebusch 2005). There is widespread agreement, however, that forward-looking central banks should address the expected impacts of asset price movements on spending, inflation, and the allocation of resources. Federal Reserve Chairman Alan Greenspan (2005) recently acknowledged that: "Our forecasts and hence policy changes are becoming increasingly driven by asset price changes."

## **Conclusion**

The decline in the U.S. personal saving rate and the dearth of internal saving raise concerns for the future. In coming decades, a growing fraction of U.S. workers will pass their peak earning years and approach retirement. In preparation, aging workers should be building their nest eggs and paying down debt. Instead, many of today's workers are saving almost nothing and taking on large amounts of adjustable-rate debt with payments programmed to rise with the level of interest rates. Failure to boost saving in the years ahead may lead to some painful adjustments in the future when many of today's workers could face difficulties maintaining their desired lifestyle in retirement.

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# **IDAHO ECONOMIC FORECAST**

**JANUARY 2006**

## **FORECAST DETAIL**

Annual Forecast 1992-2009 .....	Page 34
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### **Reporting Conventions**

Units of measurement are presented in the individual reports.

The percentage change numbers given in the annual reports are simple period-to-period percent changes. Since the periods are years, they are thus simple annual changes. The percentage changes given in the quarterly report are period-to-period changes at compound annual rates, following standard practice. A large change in a given quarter can seem to be exaggerated since the calculation assumes the change is compounded over an entire year.

### **Data Sources**

National forecast data is provided by Global Insight, as well as the Food and Agricultural Policy Research Institute (FAPRI). Historical data for the models are obtained from the following agencies: Bureau of the Census (demographic), Bureau of Economic Analysis (income), Bureau of Labor Statistics (employment), Federal Reserve Board of Governors (production), and U.S. Department of Agriculture (farm).

Idaho historical data is obtained from the Department of Commerce and Labor (employment and hourly earnings), Bureau of Vital Statistics (births and deaths), Division of Financial Management (migration), and the Bureau of Economic Analysis (income).

The Idaho average annual wage is calculated by the Division of Financial Management from Bureau of Economic Analysis and Idaho Department of Commerce and Labor data. Because of the different methodology used and data available, this figure may not match those published by other sources.

**IDAHO ECONOMIC FORECAST**  
**ANNUAL DETAIL**  
**JANUARY 2006**

**DEMOGRAPHICS**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>POPULATION</b>									
Idaho (Thousands)	1,072.1	1,108.6	1,144.9	1,177.0	1,203.2	1,228.4	1,252.3	1,275.7	1,299.1
% Ch	3.0%	3.4%	3.3%	2.8%	2.2%	2.1%	1.9%	1.9%	1.8%
National (Millions)	257.357	260.688	263.853	266.980	270.115	273.368	276.553	279.731	282.795
% Ch	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%
<b>BIRTHS</b>									
Idaho (Thousands)	17.197	17.575	17.690	17.915	18.482	18.599	19.188	19.897	20.304
% Ch	2.7%	2.2%	0.7%	1.3%	3.2%	0.6%	3.2%	3.7%	2.0%
National (Thousands)	4,038	3,997	3,964	3,935	3,911	3,892	3,880	3,874	3,872
% Ch	-1.8%	-1.0%	-0.8%	-0.7%	-0.6%	-0.5%	-0.3%	-0.2%	-0.1%
<b>DEATHS</b>									
Idaho (Thousands)	7.887	8.277	8.478	8.553	8.679	8.953	9.105	9.488	9.538
% Ch	3.2%	4.9%	2.4%	0.9%	1.5%	3.2%	1.7%	4.2%	0.5%
National (Thousands)	2,210	2,237	2,264	2,291	2,318	2,345	2,372	2,399	2,424
% Ch	2.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%	1.0%
<b>NET MIGRATION</b>									
Idaho (Thousands)	21.659	27.168	27.115	22.652	16.417	15.583	13.836	12.975	12.658
<b>HOUSING</b>									
<b>HOUSING STARTS</b>									
Idaho	9,612	11,549	12,782	9,425	9,237	8,860	10,104	10,334	11,469
% Ch	45.9%	20.2%	10.7%	-26.3%	-2.0%	-4.1%	14.0%	2.3%	11.0%
National (Millions)	1.201	1.292	1.446	1.361	1.469	1.475	1.621	1.647	1.573
% Ch	19.1%	7.5%	12.0%	-5.9%	7.9%	0.4%	9.9%	1.6%	-4.5%
<b>SINGLE UNITS</b>									
Idaho	7,910	8,949	9,424	7,296	7,844	7,652	9,040	9,191	10,336
% Ch	39.7%	13.1%	5.3%	-22.6%	7.5%	-2.4%	18.1%	1.7%	12.5%
National (Millions)	1.032	1.131	1.191	1.082	1.154	1.136	1.278	1.306	1.232
% Ch	23.6%	9.6%	5.4%	-9.2%	6.7%	-1.6%	12.4%	2.2%	-5.7%
<b>MULTIPLE UNITS</b>									
Idaho	1,702	2,600	3,358	2,129	1,394	1,209	1,064	1,143	1,133
% Ch	83.2%	52.7%	29.2%	-36.6%	-34.5%	-13.3%	-12.0%	7.4%	-0.9%
National (Millions)	0.170	0.161	0.255	0.279	0.314	0.338	0.344	0.341	0.341
% Ch	-2.4%	-5.1%	58.3%	9.4%	12.7%	7.6%	1.6%	-0.7%	0.1%
<b>HOUSING STOCK</b>									
Idaho (Thousands)	347.3	357.0	368.8	377.9	386.3	393.8	402.4	411.4	421.2
% Ch	2.2%	2.8%	3.3%	2.4%	2.2%	1.9%	2.2%	2.2%	2.4%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005



**IDAHO ECONOMIC FORECAST**  
**ANNUAL DETAIL**  
**JANUARY 2006**

**DEMOGRAPHICS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>POPULATION</b>									
Idaho (Thousands)	1,320.7	1,342.0	1,365.5	1,391.0	1,414.9	1,437.3	1,459.7	1,482.1	1,504.5
% Ch	1.7%	1.6%	1.8%	1.9%	1.7%	1.6%	1.6%	1.5%	1.5%
National (Millions)	285.721	288.599	291.388	294.098	296.793	299.478	302.146	304.787	307.451
% Ch	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
<b>BIRTHS</b>									
Idaho (Thousands)	20.684	21.002	21.735	22.526	22.575	22.959	23.343	23.727	24.111
% Ch	1.9%	1.5%	3.5%	3.6%	0.2%	1.7%	1.7%	1.6%	1.6%
National (Thousands)	3,876	3,885	3,901	3,925	3,955	3,991	4,033	4,077	4,123
% Ch	0.1%	0.2%	0.4%	0.6%	0.8%	0.9%	1.0%	1.1%	1.1%
<b>DEATHS</b>									
Idaho (Thousands)	9.811	9.935	10.308	10.020	10.791	10.960	11.128	11.297	11.465
% Ch	2.9%	1.3%	3.8%	-2.8%	7.7%	1.6%	1.5%	1.5%	1.5%
National (Thousands)	2,446	2,467	2,487	2,507	2,528	2,548	2,569	2,590	2,611
% Ch	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
<b>NET MIGRATION</b>									
Idaho (Thousands)	10.645	10.247	12.077	13.013	12.144	10.392	10.176	9.960	9.745
<b>HOUSING</b>									
<b>HOUSING STARTS</b>									
Idaho	12,181	13,181	16,300	18,484	23,105	20,055	19,870	19,370	18,495
% Ch	6.2%	8.2%	23.7%	13.4%	25.0%	-13.2%	-0.9%	-2.5%	-4.5%
National (Millions)	1.601	1.710	1.854	1.950	2.061	1.873	1.838	1.813	1.739
% Ch	1.8%	6.8%	8.4%	5.2%	5.7%	-9.1%	-1.8%	-1.4%	-4.1%
<b>SINGLE UNITS</b>									
Idaho	10,375	11,126	13,819	16,081	20,551	17,887	17,759	17,253	16,493
% Ch	0.4%	7.2%	24.2%	16.4%	27.8%	-13.0%	-0.7%	-2.8%	-4.4%
National (Millions)	1.272	1.363	1.505	1.604	1.710	1.557	1.467	1.438	1.388
% Ch	3.2%	7.2%	10.4%	6.6%	6.6%	-9.0%	-5.8%	-1.9%	-3.5%
<b>MULTIPLE UNITS</b>									
Idaho	1,806	2,055	2,481	2,403	2,554	2,168	2,111	2,117	2,002
% Ch	59.4%	13.8%	20.7%	-3.2%	6.3%	-15.1%	-2.6%	0.3%	-5.4%
National (Millions)	0.330	0.347	0.349	0.345	0.351	0.315	0.371	0.374	0.351
% Ch	-3.5%	5.3%	0.5%	-0.9%	1.5%	-10.1%	17.7%	0.8%	-6.1%
<b>HOUSING STOCK</b>									
Idaho (Thousands)	432.1	442.9	456.9	473.0	493.4	513.1	531.4	549.4	566.6
% Ch	2.6%	2.5%	3.2%	3.5%	4.3%	4.0%	3.6%	3.4%	3.1%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
JANUARY 2006**

**OUTPUT, INCOME, & WAGES**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>GROSS DOM. PRODUCT (Billions)</b>									
Current Dollars	6,338	6,657	7,072	7,398	7,817	8,304	8,747	9,268	9,817
% Ch	5.7%	5.0%	6.2%	4.6%	5.7%	6.2%	5.3%	6.0%	5.9%
2000 Chain-Weighted	7,337	7,533	7,835	8,032	8,329	8,704	9,067	9,470	9,817
% Ch	3.3%	2.7%	4.0%	2.5%	3.7%	4.5%	4.2%	4.4%	3.7%
 <b>PERSONAL INCOME - CURR \$</b>									
Idaho (Millions)	18,318	20,072	21,422	22,871	24,360	25,367	27,287	29,068	31,290
% Ch	9.7%	9.6%	6.7%	6.8%	6.5%	4.1%	7.6%	6.5%	7.6%
Idaho Nonfarm (Millions)	17,475	19,009	20,685	22,057	23,433	24,611	26,350	28,054	30,448
% Ch	10.0%	8.8%	8.8%	6.6%	6.2%	5.0%	7.1%	6.5%	8.5%
National (Billions)	5,362	5,559	5,843	6,152	6,521	6,915	7,423	7,802	8,430
% Ch	6.2%	3.7%	5.1%	5.3%	6.0%	6.1%	7.3%	5.1%	8.0%
 <b>PERSONAL INCOME - 2000 \$</b>									
Idaho (Millions)	21,342	22,858	23,892	24,973	26,040	26,666	28,429	29,788	31,289
% Ch	6.7%	7.1%	4.5%	4.5%	4.3%	2.4%	6.6%	4.8%	5.0%
Idaho Nonfarm (Millions)	20,359	21,648	23,068	24,085	25,048	25,871	27,452	28,748	30,447
% Ch	6.9%	6.3%	6.6%	4.4%	4.0%	3.3%	6.1%	4.7%	5.9%
National (Billions)	6,247	6,330	6,516	6,718	6,970	7,269	7,734	7,996	8,429
% Ch	3.2%	1.3%	2.9%	3.1%	3.8%	4.3%	6.4%	3.4%	5.4%
 <b>PER CAPITA PERS INC - CURR \$</b>									
Idaho	17,084	18,103	18,708	19,431	20,246	20,649	21,788	22,784	24,084
% Ch	6.6%	6.0%	3.3%	3.9%	4.2%	2.0%	5.5%	4.6%	5.7%
National	20,834	21,322	22,142	23,043	24,139	25,295	26,840	27,891	29,807
% Ch	4.7%	2.3%	3.8%	4.1%	4.8%	4.8%	6.1%	3.9%	6.9%
 <b>PER CAPITA PERS INC - 2000 \$</b>									
Idaho	19,905	20,617	20,866	21,218	21,642	21,707	22,700	23,349	24,084
% Ch	3.6%	3.6%	1.2%	1.7%	2.0%	0.3%	4.6%	2.9%	3.1%
National	24,274	24,282	24,695	25,163	25,803	26,591	27,964	28,584	29,807
% Ch	1.8%	0.0%	1.7%	1.9%	2.5%	3.1%	5.2%	2.2%	4.3%
 <b>AVERAGE ANNUAL WAGE</b>									
Idaho	21,613	22,051	22,728	23,594	24,147	24,803	25,822	26,992	28,657
% Ch	4.2%	2.0%	3.1%	3.8%	2.3%	2.7%	4.1%	4.5%	6.2%
National	27,410	27,807	28,279	29,148	30,237	31,582	33,219	34,622	36,642
% Ch	5.2%	1.4%	1.7%	3.1%	3.7%	4.5%	5.2%	4.2%	5.8%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
JANUARY 2006**

**OUTPUT, INCOME, & WAGES**

	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>GROSS DOM. PRODUCT (Billions)</b>									
Current Dollars	10,128	10,470	10,971	11,734	12,486	13,248	13,920	14,704	15,517
% Ch	3.2%	3.4%	4.8%	7.0%	6.4%	6.1%	5.1%	5.6%	5.5%
2000 Chain-Weighted	9,891	10,049	10,321	10,756	11,140	11,522	11,876	12,278	12,658
% Ch	0.8%	1.6%	2.7%	4.2%	3.6%	3.4%	3.1%	3.4%	3.1%
 <b>PERSONAL INCOME - CURR \$</b>									
Idaho (Millions)	33,054	33,823	34,660	37,394	40,084	42,918	45,566	48,336	51,307
% Ch	5.6%	2.3%	2.5%	7.9%	7.2%	7.1%	6.2%	6.1%	6.1%
Idaho Nonfarm (Millions)	32,039	32,906	33,915	36,286	38,969	41,838	44,423	47,187	50,149
% Ch	5.2%	2.7%	3.1%	7.0%	7.4%	7.4%	6.2%	6.2%	6.3%
National (Billions)	8,724	8,882	9,169	9,713	10,269	10,938	11,583	12,269	12,990
% Ch	3.5%	1.8%	3.2%	5.9%	5.7%	6.5%	5.9%	5.9%	5.9%
 <b>PERSONAL INCOME - 2000 \$</b>									
Idaho (Millions)	32,376	32,666	32,846	34,542	36,015	37,669	39,290	40,797	42,323
% Ch	3.5%	0.9%	0.6%	5.2%	4.3%	4.6%	4.3%	3.8%	3.7%
Idaho Nonfarm (Millions)	31,382	31,780	32,140	33,517	35,012	36,721	38,305	39,827	41,368
% Ch	3.1%	1.3%	1.1%	4.3%	4.5%	4.9%	4.3%	4.0%	3.9%
National (Billions)	8,545	8,578	8,689	8,973	9,227	9,600	9,987	10,355	10,715
% Ch	1.4%	0.4%	1.3%	3.3%	2.8%	4.1%	4.0%	3.7%	3.5%
 <b>PER CAPITA PERS INC - CURR \$</b>									
Idaho	25,029	25,204	25,382	26,881	28,328	29,858	31,214	32,612	34,101
% Ch	3.9%	0.7%	0.7%	5.9%	5.4%	5.4%	4.5%	4.5%	4.6%
National	30,534	30,776	31,466	33,026	34,598	36,522	38,333	40,252	42,248
% Ch	2.4%	0.8%	2.2%	5.0%	4.8%	5.6%	5.0%	5.0%	5.0%
 <b>PER CAPITA PERS INC - 2000 \$</b>									
Idaho	24,515	24,342	24,054	24,832	25,453	26,207	26,916	27,526	28,130
% Ch	1.8%	-0.7%	-1.2%	3.2%	2.5%	3.0%	2.7%	2.3%	2.2%
National	29,908	29,724	29,819	30,508	31,087	32,056	33,054	33,974	34,851
% Ch	0.3%	-0.6%	0.3%	2.3%	1.9%	3.1%	3.1%	2.8%	2.6%
 <b>AVERAGE ANNUAL WAGE</b>									
Idaho	28,736	29,207	29,740	30,939	32,410	33,739	35,167	36,620	38,160
% Ch	0.3%	1.6%	1.8%	4.0%	4.8%	4.1%	4.2%	4.1%	4.2%
National	37,493	38,213	39,317	40,989	42,960	44,698	46,667	48,820	51,063
% Ch	2.3%	1.9%	2.9%	4.3%	4.8%	4.0%	4.4%	4.6%	4.6%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
JANUARY 2006**

**PERSONAL INCOME--CURRENT \$\$**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>WAGE AND SALARY PAYMENTS</b>									
Idaho (Millions)	9,295	9,979	10,896	11,701	12,284	13,078	13,936	15,024	16,552
% Ch	9.0%	7.4%	9.2%	7.4%	5.0%	6.5%	6.6%	7.8%	10.2%
National (Billions)	2,980	3,083	3,232	3,419	3,620	3,878	4,183	4,466	4,829
% Ch	5.6%	3.4%	4.8%	5.8%	5.9%	7.1%	7.9%	6.8%	8.1%
<b>FARM PROPRIETORS INCOME</b>									
Idaho (Millions)	642	836	453	515	643	425	607	690	471
% Ch	6.5%	30.2%	-45.8%	13.6%	25.0%	-33.9%	42.8%	13.7%	-31.8%
National (Billions)	35	31	34	23	37	34	29	29	23
% Ch	29.0%	-9.5%	8.7%	-33.2%	64.5%	-8.3%	-14.1%	-2.6%	-20.7%
<b>NONFARM PROPRIETORS INCOME</b>									
Idaho (Millions)	1,769	2,087	2,312	2,229	2,324	2,313	2,480	2,765	2,883
% Ch	21.3%	18.0%	10.8%	-3.6%	4.2%	-0.5%	7.2%	11.5%	4.3%
National (Billions)	393	423	439	469	506	542	598	650	706
% Ch	12.2%	7.5%	4.0%	6.8%	7.8%	7.1%	10.4%	8.6%	8.6%
<b>DIVIDENDS, RENT &amp; INTEREST</b>									
Idaho (Millions)	3,340	3,568	3,957	4,350	4,718	5,068	5,545	5,546	5,909
% Ch	4.1%	6.8%	10.9%	9.9%	8.5%	7.4%	9.4%	0.0%	6.5%
National (Billions)	989	997	1,070	1,139	1,221	1,310	1,421	1,412	1,537
% Ch	-0.3%	0.9%	7.3%	6.4%	7.2%	7.3%	8.4%	-0.6%	8.9%
<b>OTHER LABOR INCOME</b>									
Idaho (Millions)	2,235	2,516	2,729	2,846	2,881	2,929	3,063	3,243	3,549
% Ch	11.2%	12.6%	8.5%	4.3%	1.2%	1.7%	4.6%	5.9%	9.4%
National (Billions)	442	472	493	494	492	498	530	562	610
% Ch	8.7%	6.8%	4.4%	0.1%	-0.2%	1.0%	6.5%	6.2%	8.5%
<b>GOVT. TRANSFERS TO INDIV.</b>									
Idaho (Millions)	2,460	2,645	2,789	3,023	3,319	3,408	3,557	3,776	4,079
% Ch	12.1%	7.5%	5.5%	8.4%	9.8%	2.7%	4.4%	6.1%	8.0%
National (Billions)	749	790	827	877	925	951	979	1,022	1,084
% Ch	12.4%	5.4%	4.7%	6.1%	5.4%	2.8%	2.9%	4.4%	6.1%
<b>CONTRIB. FOR SOCIAL INSUR.</b>									
Idaho (Millions)	1,613	1,767	1,951	2,074	2,134	2,223	2,337	2,480	2,676
% Ch	8.8%	9.5%	10.5%	6.3%	2.9%	4.2%	5.1%	6.1%	7.9%
National (Billions)	228	240	254	264	275	290	307	323	344
% Ch	6.2%	5.0%	6.0%	3.9%	4.1%	5.3%	6.0%	5.3%	6.2%
<b>RESIDENCE ADJUSTMENT</b>									
Idaho (Millions)	192	210	238	281	326	369	437	504	525
% Ch	9.9%	9.5%	13.3%	18.3%	15.9%	13.2%	18.3%	15.4%	4.1%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
JANUARY 2006**

**PERSONAL INCOME--CURRENT \$\$**

	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>WAGE AND SALARY PAYMENTS</b>									
Idaho (Millions)	16,880	17,254	17,669	18,848	20,460	21,707	23,045	24,488	25,987
% Ch	2.0%	2.2%	2.4%	6.7%	8.6%	6.1%	6.2%	6.3%	6.1%
National (Billions)	4,943	4,981	5,111	5,389	5,740	6,065	6,422	6,802	7,186
% Ch	2.4%	0.8%	2.6%	5.4%	6.5%	5.7%	5.9%	5.9%	5.6%
<b>FARM PROPRIETORS INCOME</b>									
Idaho (Millions)	646	487	368	743	714	679	739	743	746
% Ch	37.1%	-24.6%	-24.4%	101.9%	-3.9%	-4.9%	8.9%	0.4%	0.5%
National (Billions)	20	11	28	36	20	18	19	15	16
% Ch	-13.1%	-46.3%	162.4%	29.0%	-43.2%	-13.9%	7.5%	-19.1%	5.3%
<b>NONFARM PROPRIETORS INCOME</b>									
Idaho (Millions)	3,312	3,290	3,460	3,817	4,189	4,509	4,770	5,081	5,413
% Ch	14.9%	-0.6%	5.2%	10.3%	9.7%	7.6%	5.8%	6.5%	6.5%
National (Billions)	752	758	782	854	920	988	1,044	1,111	1,183
% Ch	6.6%	0.7%	3.2%	9.1%	7.7%	7.5%	5.6%	6.4%	6.5%
<b>DIVIDENDS, RENT &amp; INTEREST</b>									
Idaho (Millions)	6,195	6,051	5,952	6,101	6,117	6,814	7,452	8,080	8,754
% Ch	4.8%	-2.3%	-1.6%	2.5%	0.3%	11.4%	9.4%	8.4%	8.3%
National (Billions)	1,547	1,486	1,470	1,531	1,535	1,675	1,815	1,958	2,111
% Ch	0.7%	-4.0%	-1.1%	4.1%	0.3%	9.1%	8.4%	7.9%	7.8%
<b>OTHER LABOR INCOME</b>									
Idaho (Millions)	3,647	4,041	4,310	4,748	5,240	5,546	5,725	5,932	6,181
% Ch	2.8%	10.8%	6.6%	10.2%	10.4%	5.8%	3.2%	3.6%	4.2%
National (Billions)	643	745	830	896	973	1,021	1,050	1,085	1,124
% Ch	5.4%	15.9%	11.4%	7.9%	8.6%	5.0%	2.8%	3.3%	3.6%
<b>GOVT. TRANSFERS TO INDIV.</b>									
Idaho (Millions)	4,568	4,971	5,258	5,644	6,076	6,581	6,962	7,357	7,789
% Ch	12.0%	8.8%	5.8%	7.3%	7.7%	8.3%	5.8%	5.7%	5.9%
National (Billions)	1,194	1,286	1,344	1,428	1,526	1,643	1,735	1,831	1,935
% Ch	10.1%	7.7%	4.5%	6.2%	6.9%	7.6%	5.6%	5.5%	5.7%
<b>CONTRIB. FOR SOCIAL INSUR.</b>									
Idaho (Millions)	2,724	2,812	2,914	3,094	3,338	3,563	3,791	4,029	4,272
% Ch	1.8%	3.3%	3.6%	6.2%	7.9%	6.7%	6.4%	6.3%	6.0%
National (Billions)	357	365	380	403	428	454	481	511	541
% Ch	3.8%	2.4%	4.0%	6.0%	6.2%	6.1%	6.1%	6.2%	5.8%
<b>RESIDENCE ADJUSTMENT</b>									
Idaho (Millions)	531	542	559	589	626	644	662	685	709
% Ch	1.1%	2.1%	3.2%	5.2%	6.3%	2.9%	2.9%	3.3%	3.5%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST**  
**ANNUAL DETAIL**  
**JANUARY 2006**

**EMPLOYMENT**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>TOTAL NONFARM EMPLOYMENT</b>									
Idaho	413,477	434,503	460,210	477,046	490,900	507,423	520,478	538,103	558,583
% Ch	4.9%	5.1%	5.9%	3.7%	2.9%	3.4%	2.6%	3.4%	3.8%
National (Thousands)	108,723	110,847	114,282	117,306	119,699	122,767	125,924	128,992	131,792
% Ch	0.3%	2.0%	3.1%	2.6%	2.0%	2.6%	2.6%	2.4%	2.2%
<b>GOODS PRODUCING SECTOR</b>									
Idaho	85,008	90,364	97,412	98,311	102,401	105,506	106,975	108,725	111,885
% Ch	5.1%	6.3%	7.8%	0.9%	4.2%	3.0%	1.4%	1.6%	2.9%
National (Thousands)	22,094	22,221	22,777	23,161	23,412	23,884	24,352	24,467	24,653
% Ch	-2.2%	0.6%	2.5%	1.7%	1.1%	2.0%	2.0%	0.5%	0.8%
<b>MANUFACTURING</b>									
Idaho	59,920	63,132	65,718	65,640	68,313	70,186	71,529	71,217	73,036
% Ch	4.4%	5.4%	4.1%	-0.1%	4.1%	2.7%	1.9%	-0.4%	2.6%
National (Thousands)	16,879	16,857	17,106	17,327	17,317	17,500	17,640	17,404	17,345
% Ch	-1.6%	-0.1%	1.5%	1.3%	-0.1%	1.1%	0.8%	-1.3%	-0.3%
<b>DURABLE MANUFACTURING</b>									
Idaho	32,118	34,786	37,821	39,958	42,447	44,216	45,893	45,702	47,410
% Ch	6.5%	8.3%	8.7%	5.6%	6.2%	4.2%	3.8%	-0.4%	3.7%
National (Thousands)	10,025	9,983	10,214	10,456	10,565	10,785	10,990	10,912	10,956
% Ch	-2.6%	-0.4%	2.3%	2.4%	1.0%	2.1%	1.9%	-0.7%	0.4%
<b>LOGGING &amp; WOOD PRODUCTS</b>									
Idaho	10,460	10,796	11,774	11,864	12,024	11,898	11,465	11,481	11,570
% Ch	7.2%	3.2%	9.1%	0.8%	1.3%	-1.0%	-3.6%	0.1%	0.8%
National (Thousands)	580	605	643	656	663	677	689	701	692
% Ch	0.6%	4.3%	6.2%	2.0%	1.1%	2.1%	1.7%	1.8%	-1.3%
<b>METAL FABRICATION</b>									
Idaho	2,436	2,577	2,958	3,410	3,582	3,793	3,826	3,942	4,030
% Ch	-1.0%	5.8%	14.8%	15.3%	5.0%	5.9%	0.9%	3.0%	2.2%
National (Thousands)	1,497	1,510	1,566	1,624	1,648	1,696	1,739	1,728	1,753
% Ch	-2.9%	0.8%	3.7%	3.7%	1.5%	2.9%	2.6%	-0.6%	1.4%
<b>MACHINERY</b>									
Idaho	2,352	2,613	2,901	3,078	3,189	3,065	3,178	3,039	3,305
% Ch	2.8%	11.1%	11.0%	6.1%	3.6%	-3.9%	3.7%	-4.4%	8.7%
National (Thousands)	1,310	1,329	1,379	1,440	1,466	1,494	1,512	1,466	1,455
% Ch	-2.7%	1.5%	3.8%	4.4%	1.8%	1.9%	1.3%	-3.1%	-0.8%
<b>COMPUTER &amp; ELECTRONICS</b>									
Idaho	11,744	13,169	13,646	14,325	16,280	17,727	19,054	18,408	19,454
% Ch	9.8%	12.1%	3.6%	5.0%	13.6%	8.9%	7.5%	-3.4%	5.7%
National (Thousands)	1,707	1,656	1,651	1,688	1,747	1,803	1,831	1,781	1,820
% Ch	-5.6%	-3.0%	-0.3%	2.3%	3.4%	3.2%	1.5%	-2.7%	2.2%
<b>OTHER DURABLES</b>									
Idaho	5,126	5,630	6,542	7,280	7,373	7,733	8,371	8,832	9,051
% Ch	3.6%	9.8%	16.2%	11.3%	1.3%	4.9%	8.3%	5.5%	2.5%
National (Thousands)	4,931	4,883	4,975	5,047	5,041	5,115	5,218	5,235	5,236
% Ch	-1.9%	-1.0%	1.9%	1.4%	-0.1%	1.5%	2.0%	0.3%	0.0%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST**  
**ANNUAL DETAIL**  
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**EMPLOYMENT**

	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>TOTAL NONFARM EMPLOYMENT</b>									
Idaho	568,030	568,023	572,515	588,033	609,974	622,677	635,132	648,975	661,695
% Ch	1.7%	0.0%	0.8%	2.7%	3.7%	2.1%	2.0%	2.2%	2.0%
National (Thousands)	131,833	130,345	129,999	131,475	133,616	135,693	137,599	139,332	140,715
% Ch	0.0%	-1.1%	-0.3%	1.1%	1.6%	1.6%	1.4%	1.3%	1.0%
<b>GOODS PRODUCING SECTOR</b>									
Idaho	110,222	105,018	102,366	105,435	111,124	110,006	108,052	108,101	107,489
% Ch	-1.5%	-4.7%	-2.5%	3.0%	5.4%	-1.0%	-1.8%	0.0%	-0.6%
National (Thousands)	23,873	22,555	21,812	21,881	22,136	22,263	22,222	22,188	22,157
% Ch	-3.2%	-5.5%	-3.3%	0.3%	1.2%	0.6%	-0.2%	-0.2%	-0.1%
<b>MANUFACTURING</b>									
Idaho	70,392	66,802	63,862	63,689	64,642	64,597	64,651	65,055	65,329
% Ch	-3.6%	-5.1%	-4.4%	-0.3%	1.5%	-0.1%	0.1%	0.6%	0.4%
National (Thousands)	16,515	15,328	14,577	14,396	14,340	14,244	14,121	14,039	13,984
% Ch	-4.8%	-7.2%	-4.9%	-1.2%	-0.4%	-0.7%	-0.9%	-0.6%	-0.4%
<b>DURABLE MANUFACTURING</b>									
Idaho	45,098	42,318	39,950	40,559	41,924	42,248	42,240	42,522	42,688
% Ch	-4.9%	-6.2%	-5.6%	1.5%	3.4%	0.8%	0.0%	0.7%	0.4%
National (Thousands)	10,408	9,553	9,031	8,990	9,013	9,011	8,936	8,871	8,861
% Ch	-5.0%	-8.2%	-5.5%	-0.5%	0.2%	0.0%	-0.8%	-0.7%	-0.1%
<b>LOGGING &amp; WOOD PRODUCTS</b>									
Idaho	9,851	9,556	9,050	9,306	9,533	9,455	9,341	8,869	8,357
% Ch	-14.9%	-3.0%	-5.3%	2.8%	2.4%	-0.8%	-1.2%	-5.1%	-5.8%
National (Thousands)	647	625	607	617	616	624	619	587	558
% Ch	-6.4%	-3.4%	-3.0%	1.6%	-0.1%	1.3%	-0.7%	-5.2%	-5.0%
<b>METAL FABRICATION</b>									
Idaho	3,876	3,636	3,537	3,636	3,931	4,054	4,125	4,215	4,256
% Ch	-3.8%	-6.2%	-2.7%	2.8%	8.1%	3.1%	1.8%	2.2%	1.0%
National (Thousands)	1,677	1,549	1,479	1,497	1,520	1,536	1,572	1,603	1,637
% Ch	-4.4%	-7.6%	-4.5%	1.3%	1.5%	1.1%	2.3%	2.0%	2.2%
<b>MACHINERY</b>									
Idaho	3,055	2,832	2,632	2,569	2,581	2,653	2,734	2,670	2,598
% Ch	-7.5%	-7.3%	-7.0%	-2.4%	0.5%	2.8%	3.0%	-2.3%	-2.7%
National (Thousands)	1,368	1,229	1,150	1,142	1,157	1,190	1,216	1,191	1,167
% Ch	-6.0%	-10.1%	-6.5%	-0.7%	1.4%	2.8%	2.2%	-2.1%	-2.0%
<b>COMPUTER &amp; ELECTRONICS</b>									
Idaho	19,653	17,927	16,293	16,282	16,291	16,249	16,193	16,897	17,494
% Ch	1.0%	-8.8%	-9.1%	-0.1%	0.1%	-0.3%	-0.3%	4.3%	3.5%
National (Thousands)	1,749	1,507	1,355	1,326	1,331	1,271	1,167	1,139	1,140
% Ch	-3.9%	-13.8%	-10.1%	-2.1%	0.3%	-4.5%	-8.2%	-2.4%	0.1%
<b>OTHER DURABLES</b>									
Idaho	8,663	8,368	8,438	8,765	9,587	9,837	9,847	9,872	9,984
% Ch	-4.3%	-3.4%	0.8%	3.9%	9.4%	2.6%	0.1%	0.3%	1.1%
National (Thousands)	4,967	4,643	4,441	4,408	4,389	4,390	4,362	4,351	4,358
% Ch	-5.1%	-6.5%	-4.3%	-0.7%	-0.4%	0.0%	-0.6%	-0.2%	0.2%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST**  
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**EMPLOYMENT**

<b>MANUFACTURING (continued)</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
<b>NONDURABLE MANUFACTURING</b>									
Idaho	27,802	28,346	27,897	25,682	25,865	25,970	25,636	25,515	25,625
% Ch	2.0%	2.0%	-1.6%	-7.9%	0.7%	0.4%	-1.3%	-0.5%	0.4%
National (Thousands)	6,854	6,874	6,892	6,871	6,752	6,715	6,650	6,493	6,388
% Ch	0.1%	0.3%	0.3%	-0.3%	-1.7%	-0.6%	-1.0%	-2.4%	-1.6%
<b>FOOD PROCESSING</b>									
Idaho	17,445	17,856	17,369	16,827	17,119	17,263	16,830	16,704	16,660
% Ch	1.4%	2.4%	-2.7%	-3.1%	1.7%	0.8%	-2.5%	-0.7%	-0.3%
National (Thousands)	1,519	1,535	1,540	1,561	1,562	1,557	1,555	1,550	1,553
% Ch	0.3%	1.1%	0.3%	1.3%	0.1%	-0.3%	-0.1%	-0.3%	0.2%
<b>PRINTING</b>									
Idaho	2,211	2,231	2,241	2,308	2,365	2,326	2,307	2,234	2,339
% Ch	-0.7%	0.9%	0.4%	3.0%	2.5%	-1.6%	-0.8%	-3.2%	4.7%
National (Thousands)	780	785	802	817	816	821	828	814	807
% Ch	-1.5%	0.6%	2.2%	1.9%	-0.2%	0.6%	0.8%	-1.6%	-0.9%
<b>CHEMICALS</b>									
Idaho	4,259	4,210	4,099	2,354	2,330	2,273	2,361	2,314	2,336
% Ch	2.1%	-1.1%	-2.6%	-42.6%	-1.0%	-2.5%	3.9%	-2.0%	1.0%
National (Thousands)	1,029	1,025	1,005	988	985	987	993	983	980
% Ch	0.5%	-0.4%	-2.0%	-1.7%	-0.3%	0.2%	0.6%	-1.0%	-0.2%
<b>OTHER NONDURABLES</b>									
Idaho	3,887	4,049	4,187	4,193	4,051	4,108	4,138	4,262	4,290
% Ch	6.2%	4.2%	3.4%	0.1%	-3.4%	1.4%	0.7%	3.0%	0.7%
National (Thousands)	3,526	3,529	3,545	3,505	3,390	3,350	3,274	3,145	3,048
% Ch	0.3%	0.1%	0.5%	-1.1%	-3.3%	-1.2%	-2.3%	-3.9%	-3.1%
<b>MINING</b>									
Idaho	2,581	2,164	2,367	2,683	2,977	2,996	2,817	2,485	2,347
% Ch	-16.7%	-16.1%	9.4%	13.3%	11.0%	0.7%	-6.0%	-11.8%	-5.5%
National (Thousands)	610	585	576	558	556	571	565	518	520
% Ch	-7.7%	-4.1%	-1.4%	-3.2%	-0.3%	2.7%	-1.1%	-8.4%	0.5%
<b>CONSTRUCTION</b>									
Idaho	22,508	25,068	29,326	29,988	31,112	32,324	32,628	35,023	36,503
% Ch	10.6%	11.4%	17.0%	2.3%	3.7%	3.9%	0.9%	7.3%	4.2%
National (Thousands)	4,605	4,779	5,094	5,276	5,538	5,813	6,147	6,545	6,788
% Ch	-3.7%	3.8%	6.6%	3.6%	5.0%	5.0%	5.8%	6.5%	3.7%
<b>NONGOODS PRODUCING</b>									
Idaho	328,469	344,139	362,799	378,735	388,498	401,917	413,503	429,378	446,697
% Ch	4.9%	4.8%	5.4%	4.4%	2.6%	3.5%	2.9%	3.8%	4.0%
National (Thousands)	86,629	88,626	91,505	94,145	96,287	98,883	101,571	104,525	107,139
% Ch	1.0%	2.3%	3.2%	2.9%	2.3%	2.7%	2.7%	2.9%	2.5%
<b>SERVICES</b>									
Idaho	163,210	173,523	185,543	196,052	202,106	210,034	217,464	227,557	238,280
% Ch	5.0%	6.3%	6.9%	5.7%	3.1%	3.9%	3.5%	4.6%	4.7%
National (Thousands)	49,904	51,520	53,498	55,382	57,094	59,170	61,256	63,350	65,137
% Ch	1.5%	3.2%	3.8%	3.5%	3.1%	3.6%	3.5%	3.4%	2.8%
<b>INFORMATION</b>									
Idaho	7,083	7,195	7,413	7,602	7,699	7,587	8,376	9,274	9,860
% Ch	1.3%	1.6%	3.0%	2.5%	1.3%	-1.5%	10.4%	10.7%	6.3%
National (Thousands)	2,642	2,667	2,739	2,844	2,940	3,084	3,219	3,418	3,629
% Ch	-1.3%	1.0%	2.7%	3.8%	3.4%	4.9%	4.4%	6.2%	6.2%
<b>FINANCIAL ACTIVITIES</b>									
Idaho	22,104	23,257	24,520	25,492	26,833	26,835	24,256	25,306	25,161
% Ch	4.7%	5.2%	5.4%	4.0%	5.3%	0.0%	-9.6%	4.3%	-0.6%
National (Thousands)	6,540	6,708	6,866	6,828	6,969	7,178	7,462	7,646	7,688
% Ch	-0.3%	2.6%	2.4%	-0.6%	2.1%	3.0%	4.0%	2.5%	0.5%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005



**IDAHO ECONOMIC FORECAST**  
**ANNUAL DETAIL**  
**JANUARY 2006**  
**EMPLOYMENT**

<b>MANUFACTURING (continued)</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>NONDURABLE MANUFACTURING</b>									
Idaho	25,294	24,484	23,912	23,130	22,719	22,349	22,411	22,533	22,641
% Ch	-1.3%	-3.2%	-2.3%	-3.3%	-1.8%	-1.6%	0.3%	0.5%	0.5%
National (Thousands)	6,106	5,775	5,546	5,406	5,328	5,233	5,185	5,168	5,124
% Ch	-4.4%	-5.4%	-4.0%	-2.5%	-1.5%	-1.8%	-0.9%	-0.3%	-0.9%
<b>FOOD PROCESSING</b>									
Idaho	16,521	16,354	15,900	14,998	14,593	14,269	14,325	14,420	14,459
% Ch	-0.8%	-1.0%	-2.8%	-5.7%	-2.7%	-2.2%	0.4%	0.7%	0.3%
National (Thousands)	1,550	1,525	1,517	1,498	1,485	1,467	1,475	1,495	1,507
% Ch	-0.2%	-1.6%	-0.5%	-1.2%	-0.9%	-1.3%	0.5%	1.4%	0.8%
<b>PRINTING</b>									
Idaho	2,225	2,033	2,030	1,922	1,878	1,840	1,822	1,809	1,797
% Ch	-4.9%	-8.6%	-0.1%	-5.3%	-2.3%	-2.0%	-1.0%	-0.7%	-0.6%
National (Thousands)	769	707	680	665	655	642	642	648	649
% Ch	-4.7%	-8.1%	-3.7%	-2.3%	-1.5%	-1.9%	0.0%	0.8%	0.1%
<b>CHEMICALS</b>									
Idaho	2,324	1,925	1,831	1,877	1,914	1,851	1,757	1,697	1,665
% Ch	-0.5%	-17.2%	-4.9%	2.5%	2.0%	-3.3%	-5.1%	-3.4%	-1.9%
National (Thousands)	959	927	906	887	877	881	875	863	847
% Ch	-2.2%	-3.3%	-2.3%	-2.1%	-1.2%	0.5%	-0.7%	-1.3%	-1.9%
<b>OTHER NONDURABLES</b>									
Idaho	4,224	4,172	4,151	4,334	4,333	4,388	4,507	4,607	4,720
% Ch	-1.5%	-1.2%	-0.5%	4.4%	0.0%	1.3%	2.7%	2.2%	2.4%
National (Thousands)	2,829	2,616	2,443	2,356	2,311	2,243	2,193	2,161	2,121
% Ch	-7.2%	-7.5%	-6.6%	-3.6%	-1.9%	-2.9%	-2.2%	-1.4%	-1.9%
<b>MINING</b>									
Idaho	1,973	1,758	1,784	1,931	2,119	2,183	2,046	1,714	1,305
% Ch	-15.9%	-10.9%	1.5%	8.2%	9.8%	3.0%	-6.3%	-16.2%	-23.9%
National (Thousands)	532	512	503	523	561	597	591	534	502
% Ch	2.4%	-3.8%	-1.8%	4.1%	7.3%	6.3%	-1.0%	-9.6%	-5.9%
<b>CONSTRUCTION</b>									
Idaho	37,857	36,458	36,720	39,815	44,363	43,226	41,356	41,332	40,856
% Ch	3.7%	-3.7%	0.7%	8.4%	11.4%	-2.6%	-4.3%	-0.1%	-1.2%
National (Thousands)	6,826	6,714	6,732	6,961	7,235	7,422	7,511	7,615	7,670
% Ch	0.6%	-1.6%	0.3%	3.4%	3.9%	2.6%	1.2%	1.4%	0.7%
<b>NONGOODS PRODUCING</b>									
Idaho	457,808	463,005	470,149	482,598	498,849	512,671	527,080	540,874	554,205
% Ch	2.5%	1.1%	1.5%	2.6%	3.4%	2.8%	2.8%	2.6%	2.5%
National (Thousands)	107,960	107,791	108,187	109,593	111,480	113,430	115,376	117,144	118,558
% Ch	0.8%	-0.2%	0.4%	1.3%	1.7%	1.7%	1.7%	1.5%	1.2%
<b>SERVICES</b>									
Idaho	249,577	253,626	260,011	269,010	280,295	290,278	300,600	310,441	319,916
% Ch	4.7%	1.6%	2.5%	3.5%	4.2%	3.6%	3.6%	3.3%	3.1%
National (Thousands)	65,829	65,602	66,074	67,281	68,781	70,158	71,468	72,922	74,144
% Ch	1.1%	-0.3%	0.7%	1.8%	2.2%	2.0%	1.9%	2.0%	1.7%
<b>INFORMATION</b>									
Idaho	9,597	9,157	9,183	9,937	11,016	11,224	11,445	11,701	11,953
% Ch	-2.7%	-4.6%	0.3%	8.2%	10.9%	1.9%	2.0%	2.2%	2.2%
National (Thousands)	3,628	3,393	3,188	3,138	3,141	3,172	3,234	3,291	3,358
% Ch	0.0%	-6.5%	-6.0%	-1.6%	0.1%	1.0%	1.9%	1.8%	2.0%
<b>FINANCIAL ACTIVITIES</b>									
Idaho	25,013	25,824	26,945	27,938	29,496	30,621	31,418	32,179	32,861
% Ch	-0.6%	3.2%	4.3%	3.7%	5.6%	3.8%	2.6%	2.4%	2.1%
National (Thousands)	7,809	7,848	7,975	8,051	8,225	8,274	8,299	8,379	8,448
% Ch	1.6%	0.5%	1.6%	0.9%	2.2%	0.6%	0.3%	1.0%	0.8%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST**  
**ANNUAL DETAIL**  
**JANUARY 2006**  
**EMPLOYMENT**

<b>SERVICES (Continued)</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
<b>TRANS., WAREHOUSING, UTILITIES</b>									
Idaho	14,055	14,557	15,465	16,508	17,329	17,624	18,158	19,004	19,409
% Ch	4.3%	3.6%	6.2%	6.7%	5.0%	1.7%	3.0%	4.7%	2.1%
National (Thousands)	4,188	4,264	4,390	4,505	4,576	4,647	4,781	4,906	5,013
% Ch	-0.3%	1.8%	2.9%	2.6%	1.6%	1.5%	2.9%	2.6%	2.2%
<b>PROFESSIONAL &amp; BUSINESS</b>									
Idaho	33,756	36,872	39,173	42,480	42,934	47,295	50,766	54,793	60,625
% Ch	3.2%	9.2%	6.2%	8.4%	1.1%	10.2%	7.3%	7.9%	10.6%
National (Thousands)	10,967	11,493	12,171	12,846	13,461	14,333	15,142	15,954	16,670
% Ch	2.3%	4.8%	5.9%	5.6%	4.8%	6.5%	5.6%	5.4%	4.5%
<b>EDUCATION &amp; HEALTH</b>									
Idaho	34,554	36,841	39,048	41,491	44,361	46,347	49,248	50,575	53,018
% Ch	7.8%	6.6%	6.0%	6.3%	6.9%	4.5%	6.3%	2.7%	4.8%
National (Thousands)	11,890	12,303	12,806	13,288	13,683	14,088	14,445	14,795	15,109
% Ch	3.3%	3.5%	4.1%	3.8%	3.0%	3.0%	2.5%	2.4%	2.1%
<b>LEISURE &amp; HOSPITALITY</b>									
Idaho	39,614	41,375	44,569	46,651	47,558	48,839	50,425	51,461	52,565
% Ch	5.8%	4.4%	7.7%	4.7%	1.9%	2.7%	3.2%	2.1%	2.1%
National (Thousands)	9,439	9,733	10,098	10,499	10,774	11,016	11,232	11,544	11,860
% Ch	2.0%	3.1%	3.7%	4.0%	2.6%	2.3%	2.0%	2.8%	2.7%
<b>OTHER SERVICES</b>									
Idaho	12,045	13,426	15,356	15,829	15,393	15,506	16,235	17,144	17,643
% Ch	3.6%	11.5%	14.4%	3.1%	-2.8%	0.7%	4.7%	5.6%	2.9%
National (Thousands)	4,240	4,350	4,429	4,572	4,691	4,825	4,976	5,087	5,168
% Ch	-0.2%	2.6%	1.8%	3.2%	2.6%	2.9%	3.1%	2.2%	1.6%
<b>TRADE</b>									
Idaho	75,916	78,874	83,336	86,215	89,134	91,683	93,772	96,725	100,169
% Ch	4.7%	3.9%	5.7%	3.5%	3.4%	2.9%	2.3%	3.1%	3.6%
National (Thousands)	17,939	18,113	18,733	19,328	19,663	20,053	20,405	20,863	21,212
% Ch	-0.8%	1.0%	3.4%	3.2%	1.7%	2.0%	1.8%	2.2%	1.7%
<b>RETAIL TRADE</b>									
Idaho	54,822	57,743	61,034	63,162	65,408	67,175	69,160	71,418	74,456
% Ch	4.8%	5.3%	5.7%	3.5%	3.6%	2.7%	3.0%	3.3%	4.3%
National (Thousands)	12,829	13,019	13,486	13,895	14,141	14,390	14,610	14,971	15,279
% Ch	-0.5%	1.5%	3.6%	3.0%	1.8%	1.8%	1.5%	2.5%	2.1%
<b>WHOLESALE TRADE</b>									
Idaho	21,094	21,132	22,303	23,053	23,726	24,508	24,612	25,307	25,713
% Ch	4.6%	0.2%	5.5%	3.4%	2.9%	3.3%	0.4%	2.8%	1.6%
National (Thousands)	5,110	5,094	5,247	5,433	5,523	5,663	5,795	5,893	5,933
% Ch	-1.5%	-0.3%	3.0%	3.5%	1.6%	2.6%	2.3%	1.7%	0.7%
<b>STATE &amp; LOCAL GOVERNMENT</b>									
Idaho	75,893	78,166	80,426	83,354	84,359	87,297	89,467	92,263	94,745
% Ch	4.7%	3.0%	2.9%	3.6%	1.2%	3.5%	2.5%	3.1%	2.7%
National (Thousands)	15,218	15,436	15,674	15,931	16,258	16,488	16,653	16,854	17,139
% Ch	2.9%	1.4%	1.5%	1.6%	2.1%	1.4%	1.0%	1.2%	1.7%
<b>EDUCATION</b>									
Idaho	38,516	39,830	40,542	42,571	42,572	44,219	45,412	46,750	47,990
% Ch	2.5%	3.4%	1.8%	5.0%	0.0%	3.9%	2.7%	2.9%	2.7%
<b>NONEDUCATION</b>									
Idaho	37,377	38,336	39,884	40,783	41,787	43,078	44,055	45,513	46,755
% Ch	7.1%	2.6%	4.0%	2.3%	2.5%	3.1%	2.3%	3.3%	2.7%
<b>FEDERAL GOVERNMENT</b>									
Idaho	13,450	13,575	13,493	13,113	12,899	12,904	12,800	12,834	13,502
% Ch	4.3%	0.9%	-0.6%	-2.8%	-1.6%	0.0%	-0.8%	0.3%	5.2%
National (Thousands)	3,112	3,062	3,016	2,947	2,876	2,806	2,771	2,770	2,865
% Ch	0.0%	-1.6%	-1.5%	-2.3%	-2.4%	-2.5%	-1.2%	0.0%	3.4%

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**IDAHO ECONOMIC FORECAST**  
**ANNUAL DETAIL**  
**JANUARY 2006**  
**EMPLOYMENT**

<b>SERVICES (Continued)</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>TRANS., WAREHOUSING, UTILITIES</b>									
Idaho	19,156	18,674	18,760	18,943	18,946	19,109	19,613	20,039	20,457
% Ch	-1.3%	-2.5%	0.5%	1.0%	0.0%	0.9%	2.6%	2.2%	2.1%
National (Thousands)	4,974	4,822	4,762	4,819	4,933	5,012	5,107	5,235	5,343
% Ch	-0.8%	-3.1%	-1.2%	1.2%	2.4%	1.6%	1.9%	2.5%	2.1%
<b>PROFESSIONAL &amp; BUSINESS</b>									
Idaho	67,652	69,010	69,995	73,132	76,959	80,175	83,739	87,071	90,114
% Ch	11.6%	2.0%	1.4%	4.5%	5.2%	4.2%	4.4%	4.0%	3.5%
National (Thousands)	16,483	15,977	15,985	16,410	16,926	17,529	18,124	18,906	19,539
% Ch	-1.1%	-3.1%	0.0%	2.7%	3.1%	3.6%	3.4%	4.3%	3.3%
<b>EDUCATION &amp; HEALTH</b>									
Idaho	56,957	59,812	62,554	65,219	68,261	70,966	73,444	75,818	78,204
% Ch	7.4%	5.0%	4.6%	4.3%	4.7%	4.0%	3.5%	3.2%	3.1%
National (Thousands)	15,645	16,202	16,587	16,952	17,349	17,748	17,987	18,234	18,354
% Ch	3.5%	3.6%	2.4%	2.2%	2.3%	2.3%	1.3%	1.4%	0.7%
<b>LEISURE &amp; HOSPITALITY</b>									
Idaho	53,059	53,281	54,405	55,570	57,254	59,317	61,460	63,602	65,745
% Ch	0.9%	0.4%	2.1%	2.1%	3.0%	3.6%	3.6%	3.5%	3.4%
National (Thousands)	12,032	11,988	12,176	12,481	12,745	12,986	13,229	13,330	13,508
% Ch	1.5%	-0.4%	1.6%	2.5%	2.1%	1.9%	1.9%	0.8%	1.3%
<b>OTHER SERVICES</b>									
Idaho	18,143	17,868	18,168	18,271	18,363	18,866	19,482	20,029	20,582
% Ch	2.8%	-1.5%	1.7%	0.6%	0.5%	2.7%	3.3%	2.8%	2.8%
National (Thousands)	5,258	5,372	5,400	5,431	5,462	5,436	5,488	5,546	5,594
% Ch	1.7%	2.2%	0.5%	0.6%	0.6%	-0.5%	1.0%	1.1%	0.9%
<b>TRADE</b>									
Idaho	98,088	97,342	97,115	99,124	103,496	106,797	110,369	113,557	116,706
% Ch	-2.1%	-0.8%	-0.2%	2.1%	4.4%	3.2%	3.3%	2.9%	2.8%
National (Thousands)	21,012	20,677	20,528	20,692	20,898	21,199	21,538	21,733	21,812
% Ch	-0.9%	-1.6%	-0.7%	0.8%	1.0%	1.4%	1.6%	0.9%	0.4%
<b>RETAIL TRADE</b>									
Idaho	72,621	72,393	72,617	73,715	76,648	79,165	81,975	84,495	86,986
% Ch	-2.5%	-0.3%	0.3%	1.5%	4.0%	3.3%	3.5%	3.1%	2.9%
National (Thousands)	15,239	15,024	14,920	15,038	15,177	15,388	15,704	15,861	15,920
% Ch	-0.3%	-1.4%	-0.7%	0.8%	0.9%	1.4%	2.1%	1.0%	0.4%
<b>WHOLESALE TRADE</b>									
Idaho	25,467	24,948	24,498	25,409	26,848	27,632	28,394	29,062	29,720
% Ch	-1.0%	-2.0%	-1.8%	3.7%	5.7%	2.9%	2.8%	2.4%	2.3%
National (Thousands)	5,773	5,653	5,608	5,654	5,720	5,811	5,833	5,872	5,892
% Ch	-2.7%	-2.1%	-0.8%	0.8%	1.2%	1.6%	0.4%	0.7%	0.3%
<b>STATE &amp; LOCAL GOVERNMENT</b>									
Idaho	96,863	98,487	99,400	101,154	101,990	102,627	103,185	103,994	104,680
% Ch	2.2%	1.7%	0.9%	1.8%	0.8%	0.6%	0.5%	0.8%	0.7%
National (Thousands)	18,355	18,745	18,822	18,892	19,082	19,343	19,639	19,756	19,856
% Ch	2.4%	2.1%	0.4%	0.4%	1.0%	1.4%	1.5%	0.6%	0.5%
<b>EDUCATION</b>									
Idaho	49,026	49,658	49,915	50,825	51,564	52,208	52,783	53,464	54,060
% Ch	2.2%	1.3%	0.5%	1.8%	1.5%	1.3%	1.1%	1.3%	1.1%
<b>NONEDUCATION</b>									
Idaho	47,837	48,829	49,485	50,329	50,426	50,419	50,402	50,529	50,619
% Ch	2.3%	2.1%	1.3%	1.7%	0.2%	0.0%	0.0%	0.3%	0.2%
<b>FEDERAL GOVERNMENT</b>									
Idaho	13,280	13,551	13,623	13,311	13,068	12,968	12,925	12,883	12,904
% Ch	-1.6%	2.0%	0.5%	-2.3%	-1.8%	-0.8%	-0.3%	-0.3%	0.2%
National (Thousands)	2,764	2,767	2,763	2,728	2,719	2,729	2,731	2,733	2,746
% Ch	-3.5%	0.1%	-0.2%	-1.2%	-0.3%	0.4%	0.1%	0.1%	0.5%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
JANUARY 2006**

**MISCELLANEOUS**

	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>SELECTED CHAIN-WEIGHTED DEFL.</b>									
<b>Gross Domestic Product</b>	86.402	88.391	90.265	92.115	93.859	95.415	96.475	97.868	100.000
% Ch	2.3%	2.3%	2.1%	2.0%	1.9%	1.7%	1.1%	1.4%	2.2%
<b>Consumption Expenditures</b>	85.825	87.804	89.654	91.577	93.547	95.124	95.978	97.575	100.000
% Ch	2.9%	2.3%	2.1%	2.1%	2.2%	1.7%	0.9%	1.7%	2.5%
<b>Durable Goods</b>	106.756	107.841	109.978	110.672	109.507	107.068	104.152	101.626	100.000
% Ch	0.6%	1.0%	2.0%	0.6%	-1.1%	-2.2%	-2.7%	-2.4%	-1.6%
<b>Nondurable Goods</b>	88.105	88.973	89.605	90.629	92.567	93.835	93.821	96.173	100.000
% Ch	1.5%	1.0%	0.7%	1.1%	2.1%	1.4%	0.0%	2.5%	4.0%
<b>Services</b>	80.684	83.345	85.748	88.320	90.844	93.305	95.319	97.393	100.000
% Ch	4.1%	3.3%	2.9%	3.0%	2.9%	2.7%	2.2%	2.2%	2.7%
<b>Consumer Price Index (1982-84=1.000)</b>	1.403	1.445	1.482	1.524	1.569	1.605	1.630	1.666	1.722
% Ch	3.0%	3.0%	2.6%	2.8%	2.9%	2.3%	1.5%	2.2%	3.4%

**SELECTED INTEREST RATES**

<b>Federal Funds</b>	3.5%	3.0%	4.2%	5.8%	5.3%	5.5%	5.4%	5.0%	6.2%
<b>NY Fed Discount</b>	3.3%	3.0%	3.6%	5.2%	5.0%	5.0%	4.9%	4.6%	5.7%
<b>Prime</b>	6.3%	6.0%	7.1%	8.8%	8.3%	8.4%	8.4%	8.0%	9.2%
<b>Existing Home Mortgage</b>	8.1%	7.2%	7.5%	7.8%	7.7%	7.7%	7.1%	7.3%	8.0%
<b>U.S. Govt. 3-Month Bills</b>	3.4%	3.0%	4.2%	5.5%	5.0%	5.1%	4.8%	4.6%	5.8%
<b>U.S. Govt. 6-Month Bills</b>	3.6%	3.1%	4.6%	5.6%	5.1%	5.2%	4.8%	4.7%	5.9%
<b>U.S. Govt. 5-Year Notes</b>	6.2%	5.1%	6.7%	6.4%	6.2%	6.2%	5.2%	5.5%	6.2%
<b>U.S. Govt. 10-Year Notes</b>	7.0%	5.9%	7.1%	6.6%	6.4%	6.4%	5.3%	5.6%	6.0%

**SELECTED US PRODUCTION INDICES**

<b>Wood Products</b>	85.7	86.7	91.8	94.0	97.1	100.0	104.5	108.8	107.3
% Ch	5.5%	1.1%	5.9%	2.4%	3.3%	3.0%	4.5%	4.2%	-1.4%
<b>Computers &amp; Electronic Products</b>	34.2	37.7	44.8	58.1	74.3	100.0	128.5	169.7	224.9
% Ch	12.8%	10.4%	18.7%	29.8%	27.8%	34.6%	28.5%	32.0%	32.6%
<b>Food</b>	93.8	96.3	96.9	99.3	97.3	100.0	104.4	105.5	107.3
% Ch	1.9%	2.7%	0.6%	2.6%	-2.0%	2.8%	4.4%	1.1%	1.7%
<b>Agricultural Chemicals</b>	94.3	95.1	94.9	94.6	96.4	100.0	102.2	92.2	86.9
% Ch	4.2%	0.8%	-0.2%	-0.4%	2.0%	3.7%	2.2%	-9.8%	-5.7%
<b>Metal Ore Mining</b>	90.8	90.2	91.9	92.8	94.8	100.0	99.6	91.4	91.0
% Ch	7.3%	-0.7%	1.9%	1.0%	2.2%	5.4%	-0.4%	-8.2%	-0.4%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
ANNUAL DETAIL  
JANUARY 2006**

**MISCELLANEOUS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>SELECTED CHAIN-WEIGHTED DEFL.</b>									
<b>Gross Domestic Product</b>	102.402	104.193	106.310	109.102	112.107	114.975	117.209	119.753	122.579
% Ch	2.4%	1.7%	2.0%	2.6%	2.8%	2.6%	1.9%	2.2%	2.4%
<b>Consumption Expenditures</b>	102.094	103.542	105.520	108.246	111.292	113.928	115.966	118.473	121.220
% Ch	2.1%	1.4%	1.9%	2.6%	2.8%	2.4%	1.8%	2.2%	2.3%
<b>Durable Goods</b>	98.114	95.766	92.372	90.631	90.208	89.828	89.687	89.625	89.455
% Ch	-1.9%	-2.4%	-3.5%	-1.9%	-0.5%	-0.4%	-0.2%	-0.1%	-0.2%
<b>Nondurable Goods</b>	101.531	102.089	104.151	107.635	111.551	113.151	113.848	115.387	117.363
% Ch	1.5%	0.5%	2.0%	3.3%	3.6%	1.4%	0.6%	1.4%	1.7%
<b>Services</b>	103.257	106.018	109.246	112.695	116.170	120.104	123.392	127.065	130.976
% Ch	3.3%	2.7%	3.0%	3.2%	3.1%	3.4%	2.7%	3.0%	3.1%
<b>Consumer Price Index (1982-84=100)</b>	1.771	1.798	1.840	1.889	1.952	2.002	2.032	2.072	2.119
% Ch	2.8%	1.6%	2.3%	2.7%	3.4%	2.6%	1.5%	2.0%	2.2%
<b>SELECTED INTEREST RATES</b>									
<b>Federal Funds</b>	3.9%	1.7%	1.1%	1.3%	3.2%	4.7%	4.8%	4.8%	5.0%
<b>NY Fed Discount</b>	3.4%	1.2%	2.1%	2.3%	4.2%	5.7%	5.8%	5.8%	6.0%
<b>Prime</b>	6.9%	4.7%	4.1%	4.3%	6.2%	7.7%	7.8%	7.8%	8.0%
<b>Existing Home Mortgage</b>	7.0%	6.5%	5.7%	5.7%	5.9%	6.8%	6.9%	7.0%	7.3%
<b>U.S. Govt. 3-Month Bills</b>	3.4%	1.6%	1.0%	1.4%	3.2%	4.5%	4.6%	4.7%	4.9%
<b>U.S. Govt. 6-Month Bills</b>	3.4%	1.7%	1.1%	1.6%	3.4%	4.7%	4.7%	4.8%	5.0%
<b>U.S. Govt. 5-Year Notes</b>	4.6%	3.8%	3.0%	3.4%	4.1%	5.1%	5.2%	5.3%	5.5%
<b>U.S. Govt. 10-Year Notes</b>	5.0%	4.6%	4.0%	4.3%	4.3%	5.2%	5.3%	5.4%	5.7%
<b>SELECTED US PRODUCTION INDICES</b>									
<b>Wood Products</b>	100.4	102.6	100.9	104.6	102.1	106.2	105.6	100.3	96.4
% Ch	-6.4%	2.1%	-1.6%	3.7%	-2.5%	4.0%	-0.5%	-5.0%	-3.9%
<b>Computers &amp; Electronic Products</b>	227.3	222.2	251.5	288.9	340.5	385.0	423.9	473.3	534.0
% Ch	1.1%	-2.2%	13.2%	14.9%	17.9%	13.1%	10.1%	11.7%	12.8%
<b>Food</b>	107.4	109.4	109.6	111.5	113.4	115.3	117.7	120.1	122.5
% Ch	0.0%	1.9%	0.1%	1.8%	1.7%	1.7%	2.0%	2.0%	2.0%
<b>Agricultural Chemicals</b>	80.0	81.0	81.0	81.2	80.7	75.0	73.2	73.2	74.1
% Ch	-8.0%	1.3%	0.0%	0.3%	-0.6%	-7.0%	-2.5%	0.0%	1.3%
<b>Metal Ore Mining</b>	82.7	75.7	70.4	72.1	77.7	81.2	84.0	86.2	87.9
% Ch	-9.2%	-8.4%	-7.0%	2.5%	7.7%	4.5%	3.4%	2.6%	1.9%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
JANUARY 2006**

**DEMOGRAPHICS**

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>POPULATION</b>												
Idaho (Thousands)	1,356.5	1,362.4	1,368.3	1,374.7	1,381.2	1,387.6	1,394.3	1,400.9	1,406.5	1,412.1	1,417.7	1,423.3
% Ch	1.8%	1.8%	1.8%	1.9%	1.9%	1.9%	2.0%	1.9%	1.6%	1.6%	1.6%	1.6%
National (Millions)	290.340	291.049	291.745	292.417	293.088	293.759	294.436	295.109	295.783	296.457	297.131	297.803
% Ch	0.9%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
<b>BIRTHS</b>												
Idaho (Thousands)	21.387	21.635	21.850	22.071	22.203	22.409	22.682	22.810	22.431	22.527	22.623	22.719
% Ch	3.6%	4.7%	4.0%	4.1%	2.4%	3.8%	5.0%	2.3%	-6.5%	1.7%	1.7%	1.7%
National (Thousands)	3,894	3,898	3,903	3,909	3,915	3,921	3,928	3,935	3,943	3,951	3,959	3,968
% Ch	0.4%	0.4%	0.5%	0.6%	0.6%	0.6%	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%
<b>DEATHS</b>												
Idaho (Thousands)	10.100	10.270	10.390	10.470	10.320	10.125	9.890	9.745	10.728	10.770	10.813	10.855
% Ch	5.0%	6.9%	4.8%	3.1%	-5.6%	-7.3%	-9.0%	-5.7%	46.9%	1.6%	1.6%	1.6%
National (Thousands)	2,480	2,485	2,490	2,495	2,499	2,504	2,510	2,515	2,520	2,525	2,531	2,536
% Ch	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	1.0%	0.8%
<b>NET MIGRATION</b>												
Idaho (Thousands)	11.959	11.567	12.074	12.707	12.872	12.920	13.206	13.055	13.607	12.795	11.576	10.597
<b>HOUSING</b>												
<b>HOUSING STARTS</b>												
Idaho	15,895	15,200	16,438	17,665	16,419	17,840	19,127	20,551	23,211	22,591	24,814	21,802
% Ch	1.9%	-16.4%	36.8%	33.4%	-25.4%	39.4%	32.1%	33.3%	62.7%	-10.3%	45.6%	-40.4%
National (Millions)	1,736	1,754	1,890	2,036	1,929	1,923	1,974	1,973	2,083	2,044	2,069	2,047
% Ch	1.5%	4.1%	34.8%	34.7%	-19.4%	-1.2%	11.1%	-0.3%	24.2%	-7.2%	5.0%	-4.2%
<b>SINGLE UNITS</b>												
Idaho	12,648	13,019	14,189	15,419	14,130	15,372	16,493	18,331	20,985	20,101	21,881	19,236
% Ch	11.9%	12.3%	41.1%	39.4%	-29.5%	40.1%	32.5%	52.6%	71.8%	-15.8%	40.4%	-40.3%
National (Millions)	1,412	1,426	1,525	1,657	1,562	1,600	1,635	1,621	1,709	1,693	1,727	1,711
% Ch	5.1%	3.9%	30.7%	39.6%	-21.2%	10.1%	9.1%	-3.4%	23.5%	-3.6%	8.3%	-3.6%
<b>MULTIPLE UNITS</b>												
Idaho	3,247	2,181	2,249	2,246	2,289	2,468	2,633	2,220	2,226	2,490	2,933	2,566
% Ch	-27.9%	-79.7%	13.2%	-0.5%	7.8%	35.1%	29.6%	-49.5%	1.1%	56.7%	92.3%	-41.4%
National (Millions)	0.324	0.328	0.365	0.378	0.367	0.323	0.339	0.352	0.374	0.351	0.342	0.336
% Ch	-12.5%	5.0%	54.0%	15.4%	-11.5%	-39.8%	21.3%	15.8%	27.4%	-22.4%	-9.9%	-6.8%
<b>HOUSING STOCK</b>												
Idaho (Thousands)	451.5	454.9	458.7	462.8	466.5	470.6	475.0	479.8	485.3	490.6	496.4	501.5
% Ch	3.3%	3.1%	3.4%	3.6%	3.3%	3.6%	3.8%	4.1%	4.6%	4.4%	4.8%	4.2%

**National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005**

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
JANUARY 2006**

**DEMOGRAPHICS**

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>POPULATION</b>												
Idaho (Thousands)	1,428.9	1,434.5	1,440.1	1,445.7	1,451.3	1,456.9	1,462.5	1,468.1	1,473.7	1,479.3	1,484.9	1,490.5
% Ch	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
National (Millions)	298.474	299.145	299.813	300.480	301.148	301.816	302.481	303.139	303.798	304.457	305.113	305.782
% Ch	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
<b>BIRTHS</b>												
Idaho (Thousands)	22.815	22.911	23.007	23.103	23.199	23.295	23.391	23.487	23.583	23.679	23.775	23.871
% Ch	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%	1.6%	1.6%
National (Thousands)	3,977	3,986	3,995	4,006	4,017	4,027	4,038	4,049	4,060	4,071	4,083	4,094
% Ch	0.9%	0.9%	0.9%	1.1%	1.1%	1.0%	1.1%	1.1%	1.1%	1.1%	1.2%	1.1%
<b>DEATHS</b>												
Idaho (Thousands)	10.897	10.939	10.981	11.023	11.065	11.107	11.149	11.192	11.234	11.276	11.318	11.360
% Ch	1.6%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
National (Thousands)	2,540	2,545	2,550	2,556	2,561	2,566	2,571	2,576	2,582	2,587	2,592	2,598
% Ch	0.6%	0.8%	0.8%	0.9%	0.8%	0.8%	0.8%	0.8%	0.9%	0.8%	0.8%	0.9%
<b>NET MIGRATION</b>												
Idaho (Thousands)	10.472	10.418	10.365	10.311	10.257	10.203	10.149	10.095	10.041	9.987	9.933	9.879
<b>HOUSING</b>												
<b>HOUSING STARTS</b>												
Idaho	20,396	19,986	19,893	19,944	19,951	19,926	19,847	19,755	19,633	19,488	19,309	19,051
% Ch	-23.4%	-7.8%	-1.9%	1.0%	0.1%	-0.5%	-1.6%	-1.8%	-2.5%	-2.9%	-3.6%	-5.2%
National (Millions)	1.967	1.861	1.833	1.829	1.830	1.839	1.839	1.844	1.833	1.820	1.808	1.789
% Ch	-14.8%	-19.8%	-5.9%	-0.9%	0.3%	2.0%	0.0%	1.0%	-2.3%	-2.8%	-2.5%	-4.2%
<b>SINGLE UNITS</b>												
Idaho	18,081	17,831	17,794	17,844	17,857	17,822	17,731	17,626	17,498	17,354	17,187	16,973
% Ch	-21.9%	-5.4%	-0.8%	1.1%	0.3%	-0.8%	-2.0%	-2.4%	-2.9%	-3.3%	-3.8%	-4.9%
National (Millions)	1.651	1.571	1.521	1.486	1.473	1.467	1.464	1.463	1.453	1.445	1.435	1.420
% Ch	-13.5%	-17.8%	-12.3%	-8.8%	-3.5%	-1.4%	-1.0%	-0.1%	-2.8%	-2.1%	-2.9%	-4.1%
<b>MULTIPLE UNITS</b>												
Idaho	2,316	2,156	2,099	2,100	2,094	2,104	2,116	2,130	2,135	2,134	2,122	2,077
% Ch	-33.7%	-24.9%	-10.0%	0.2%	-1.2%	1.9%	2.3%	2.7%	1.0%	-0.2%	-2.3%	-8.1%
National (Millions)	0.316	0.290	0.312	0.343	0.357	0.372	0.375	0.380	0.380	0.375	0.373	0.369
% Ch	-21.4%	-29.5%	35.0%	45.0%	18.1%	16.9%	3.9%	5.6%	-0.7%	-5.5%	-1.1%	-4.5%
<b>HOUSING STOCK</b>												
Idaho (Thousands)	506.2	510.8	515.4	520.0	524.6	529.2	533.7	538.3	542.8	547.3	551.7	556.0
% Ch	3.8%	3.7%	3.6%	3.6%	3.6%	3.5%	3.5%	3.4%	3.4%	3.3%	3.3%	3.2%

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
JANUARY 2006**

**OUTPUT, INCOME, & WAGES**

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>GROSS DOM. PRODUCT (Billions)</b>												
Current Dollars	10,717	10,845	11,087	11,236	11,457	11,666	11,819	11,995	12,199	12,378	12,590	12,778
% Ch	4.8%	4.8%	9.3%	5.5%	8.1%	7.5%	5.3%	6.1%	7.0%	6.0%	7.0%	6.1%
2000 Chain-Weighted	10,139	10,230	10,411	10,503	10,613	10,704	10,809	10,897	10,999	11,089	11,193	11,277
% Ch	1.7%	3.7%	7.2%	3.6%	4.3%	3.5%	4.0%	3.3%	3.8%	3.3%	3.8%	3.0%
<b>PERSONAL INCOME - CURR \$</b>												
Idaho (Millions)	34,233	34,398	34,789	35,220	36,358	37,271	37,473	38,473	39,271	39,914	40,079	41,070
% Ch	-0.3%	1.9%	4.6%	5.0%	13.6%	10.4%	2.2%	11.1%	8.6%	6.7%	1.7%	10.3%
Idaho Nonfarm (Millions)	33,565	33,668	34,038	34,388	35,161	35,961	36,455	37,565	37,988	38,770	39,084	40,032
% Ch	5.4%	1.2%	4.5%	4.2%	9.3%	9.4%	5.6%	12.7%	4.6%	8.5%	3.3%	10.1%
National (Billions)	9,014	9,119	9,215	9,329	9,485	9,614	9,729	10,025	10,073	10,221	10,293	10,488
% Ch	4.0%	4.7%	4.3%	5.0%	6.9%	5.6%	4.9%	12.7%	2.0%	6.0%	2.8%	7.8%
<b>PERSONAL INCOME - 2000 \$</b>												
Idaho (Millions)	32,587	32,692	32,902	33,203	33,953	34,482	34,542	35,191	35,722	36,013	35,836	36,488
% Ch	-3.3%	1.3%	2.6%	3.7%	9.3%	6.4%	0.7%	7.7%	6.2%	3.3%	-2.0%	7.5%
Idaho Nonfarm (Millions)	31,951	31,998	32,192	32,418	32,835	33,270	33,604	34,361	34,555	34,981	34,946	35,566
% Ch	2.3%	0.6%	2.5%	2.8%	5.2%	5.4%	4.1%	9.3%	2.3%	5.0%	-0.4%	7.3%
National (Billions)	8,580	8,666	8,716	8,794	8,857	8,895	8,968	9,170	9,163	9,222	9,203	9,318
% Ch	0.9%	4.1%	2.3%	3.7%	2.9%	1.7%	3.3%	9.3%	-0.3%	2.6%	-0.8%	5.1%
<b>PER CAPITA PERS INC - CURR \$</b>												
Idaho	25,237	25,249	25,424	25,620	26,323	26,861	26,875	27,464	27,921	28,265	28,270	28,855
% Ch	-2.1%	0.2%	2.8%	3.1%	11.4%	8.4%	0.2%	9.1%	6.8%	5.0%	0.1%	8.5%
National	31,045	31,330	31,587	31,902	32,362	32,729	33,044	33,970	34,057	34,478	34,641	35,217
% Ch	3.1%	3.7%	3.3%	4.0%	5.9%	4.6%	3.9%	11.7%	1.0%	5.0%	1.9%	6.8%
<b>PER CAPITA PERS INC - 2000 \$</b>												
Idaho	24,024	23,996	24,046	24,152	24,582	24,851	24,774	25,121	25,397	25,503	25,277	25,636
% Ch	-5.0%	-0.5%	0.8%	1.8%	7.3%	4.4%	-1.2%	5.7%	4.5%	1.7%	-3.5%	5.8%
National	29,553	29,776	29,874	30,075	30,221	30,279	30,459	31,072	30,979	31,108	30,974	31,288
% Ch	0.1%	3.1%	1.3%	2.7%	2.0%	0.8%	2.4%	8.3%	-1.2%	1.7%	-1.7%	4.1%
<b>AVERAGE ANNUAL WAGE</b>												
Idaho	29,549	29,637	29,914	29,859	30,257	30,658	31,033	31,807	31,782	32,386	32,593	32,878
% Ch	3.7%	1.2%	3.8%	-0.7%	5.4%	5.4%	5.0%	10.4%	-0.3%	7.8%	2.6%	3.5%
National	38,662	39,184	39,571	39,851	40,254	40,496	41,160	42,047	42,389	42,796	43,121	43,535
% Ch	4.2%	5.5%	4.0%	2.9%	4.1%	2.4%	6.7%	8.9%	3.3%	3.9%	3.1%	3.9%

**National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005**



**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
JANUARY 2006**

**OUTPUT, INCOME, & WAGES**

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>GROSS DOM. PRODUCT (Billions)</b>												
Current Dollars	12,999	13,176	13,330	13,487	13,644	13,823	14,007	14,207	14,403	14,606	14,804	15,004
% Ch	7.1%	5.6%	4.7%	4.8%	4.8%	5.3%	5.4%	5.8%	5.7%	5.8%	5.5%	5.5%
2000 Chain-Weighted	11,385	11,481	11,569	11,653	11,726	11,822	11,923	12,032	12,127	12,231	12,329	12,427
% Ch	3.9%	3.4%	3.1%	2.9%	2.6%	3.3%	3.4%	3.7%	3.2%	3.5%	3.2%	3.2%
<b>PERSONAL INCOME - CURR \$</b>												
Idaho (Millions)	41,804	42,599	43,307	43,963	44,607	45,267	45,885	46,503	47,300	47,969	48,672	49,403
% Ch	7.3%	7.8%	6.8%	6.2%	6.0%	6.0%	5.6%	5.5%	7.0%	5.8%	6.0%	6.1%
Idaho Nonfarm (Millions)	40,779	41,515	42,220	42,840	43,454	44,102	44,740	45,397	46,131	46,834	47,527	48,255
% Ch	7.7%	7.4%	7.0%	6.0%	5.9%	6.1%	5.9%	6.0%	6.6%	6.2%	6.0%	6.3%
National (Billions)	10,683	10,858	11,029	11,183	11,340	11,499	11,661	11,830	12,008	12,182	12,354	12,531
% Ch	7.6%	6.7%	6.5%	5.7%	5.7%	5.7%	5.8%	5.9%	6.2%	5.9%	5.8%	5.8%
<b>PERSONAL INCOME - 2000 \$</b>												
Idaho (Millions)	36,921	37,468	37,938	38,349	38,747	39,129	39,476	39,809	40,263	40,608	40,970	41,346
% Ch	4.8%	6.1%	5.1%	4.4%	4.2%	4.0%	3.6%	3.4%	4.6%	3.5%	3.6%	3.7%
Idaho Nonfarm (Millions)	36,016	36,515	36,986	37,369	37,745	38,123	38,491	38,862	39,267	39,648	40,006	40,385
% Ch	5.2%	5.7%	5.3%	4.2%	4.1%	4.1%	3.9%	3.9%	4.2%	3.9%	3.7%	3.8%
National (Billions)	9,435	9,550	9,662	9,755	9,850	9,940	10,032	10,127	10,222	10,313	10,399	10,487
% Ch	5.1%	5.0%	4.8%	3.9%	4.0%	3.7%	3.8%	3.8%	3.8%	3.6%	3.4%	3.4%
<b>PER CAPITA PERS INC - CURR \$</b>												
Idaho	29,256	29,696	30,072	30,409	30,736	31,071	31,374	31,676	32,096	32,427	32,779	33,146
% Ch	5.7%	6.1%	5.2%	4.6%	4.4%	4.4%	4.0%	3.9%	5.4%	4.2%	4.4%	4.6%
National	35,791	36,295	36,786	37,217	37,656	38,100	38,552	39,025	39,527	40,012	40,490	40,979
% Ch	6.7%	5.8%	5.5%	4.8%	4.8%	4.8%	4.8%	5.0%	5.2%	5.0%	4.9%	4.9%
<b>PER CAPITA PERS INC - 2000 \$</b>												
Idaho	25,839	26,119	26,344	26,526	26,698	26,858	26,992	27,116	27,321	27,451	27,591	27,740
% Ch	3.2%	4.4%	3.5%	2.8%	2.6%	2.4%	2.0%	1.8%	3.1%	1.9%	2.1%	2.2%
National	31,610	31,924	32,226	32,464	32,708	32,934	33,167	33,407	33,646	33,872	34,082	34,296
% Ch	4.2%	4.0%	3.8%	3.0%	3.0%	2.8%	2.9%	2.9%	2.9%	2.7%	2.5%	2.5%
<b>AVERAGE ANNUAL WAGE</b>												
Idaho	33,172	33,547	33,923	34,314	34,689	35,019	35,321	35,637	36,083	36,428	36,795	37,174
% Ch	3.6%	4.6%	4.6%	4.7%	4.4%	3.9%	3.5%	3.6%	5.1%	3.9%	4.1%	4.2%
National	44,001	44,449	44,927	45,413	45,931	46,408	46,901	47,426	48,018	48,548	49,083	49,629
% Ch	4.3%	4.1%	4.4%	4.4%	4.6%	4.2%	4.3%	4.6%	5.1%	4.5%	4.5%	4.5%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
JANUARY 2006**

**PERSONAL INCOME -- CURR \$\$**

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>WAGE AND SALARY PAYMENTS</b>												
Idaho (Millions)	17,536	17,535	17,753	17,852	18,164	18,638	18,986	19,604	19,913	20,394	20,621	20,911
% Ch	2.9%	0.0%	5.1%	2.2%	7.2%	10.9%	7.7%	13.7%	6.5%	10.0%	4.5%	5.8%
National (Billions)	5,030	5,088	5,140	5,187	5,255	5,318	5,422	5,563	5,630	5,710	5,777	5,845
% Ch	3.7%	4.7%	4.2%	3.7%	5.3%	4.9%	8.0%	10.8%	4.9%	5.8%	4.7%	4.8%
<b>FARM PROPRIETORS INCOME</b>												
Idaho (Millions)	297	358	373	443	859	955	645	511	878	736	601	640
% Ch	-97.0%	111.1%	17.8%	99.0%	1313.7%	52.8%	-79.2%	-60.6%	771.6%	-50.6%	-55.6%	28.5%
National (Billions)	21	27	28	35	45	44	30	25	25	20	18	19
% Ch	54.1%	209.9%	15.5%	140.0%	165.4%	-6.1%	-79.4%	-52.9%	1.6%	-60.4%	-27.3%	19.5%
<b>NONFARM PROPRIETORS INCOME</b>												
Idaho (Millions)	3,400	3,418	3,478	3,544	3,687	3,800	3,858	3,922	4,060	4,176	4,193	4,326
% Ch	11.7%	2.1%	7.2%	7.8%	17.1%	12.8%	6.2%	6.8%	14.8%	11.9%	1.7%	13.3%
National (Billions)	758	774	793	805	825	854	859	876	893	917	919	949
% Ch	-1.0%	8.9%	10.1%	6.1%	10.6%	14.7%	2.5%	8.1%	7.9%	11.1%	1.0%	13.4%
<b>DIVIDENDS, RENT &amp; INTEREST</b>												
Idaho (Millions)	5,973	5,920	5,883	6,030	6,004	6,033	6,051	6,316	6,039	6,058	5,992	6,379
% Ch	5.2%	-3.5%	-2.5%	10.4%	-1.7%	1.9%	1.2%	18.7%	-16.4%	1.3%	-4.3%	28.4%
National (Billions)	1,472	1,466	1,458	1,485	1,495	1,506	1,500	1,622	1,526	1,544	1,493	1,577
% Ch	4.1%	-1.7%	-2.2%	7.7%	2.6%	3.0%	-1.4%	36.7%	-21.7%	4.9%	-12.7%	24.5%
<b>OTHER LABOR INCOME</b>												
Idaho (Millions)	4,259	4,264	4,329	4,387	4,565	4,699	4,787	4,939	5,085	5,210	5,289	5,378
% Ch	7.5%	0.5%	6.2%	5.5%	17.2%	12.3%	7.7%	13.3%	12.4%	10.2%	6.2%	6.9%
National (Billions)	805	822	838	855	877	888	898	920	950	964	981	995
% Ch	11.5%	8.6%	8.3%	8.5%	10.5%	4.9%	4.8%	10.0%	13.9%	6.2%	7.1%	5.7%
<b>GOVT. TRANSFERS TO INDIV.</b>												
Idaho (Millions)	5,125	5,240	5,328	5,337	5,524	5,625	5,658	5,767	5,950	6,049	6,111	6,194
% Ch	6.0%	9.3%	6.9%	0.7%	14.8%	7.5%	2.4%	7.9%	13.3%	6.8%	4.1%	5.6%
National (Billions)	1,320	1,337	1,357	1,362	1,400	1,420	1,442	1,449	1,489	1,510	1,553	1,554
% Ch	3.9%	5.3%	6.1%	1.6%	11.4%	5.9%	6.3%	2.2%	11.4%	5.7%	11.9%	0.4%
<b>CONTRIB. FOR SOCIAL INSUR.</b>												
Idaho (Millions)	2,899	2,897	2,928	2,932	3,012	3,068	3,107	3,188	3,267	3,335	3,358	3,393
% Ch	8.3%	-0.3%	4.3%	0.5%	11.4%	7.6%	5.2%	10.8%	10.3%	8.6%	2.8%	4.1%
National (Billions)	375	379	382	385	395	398	404	413	422	426	430	433
% Ch	10.0%	4.4%	3.7%	2.8%	11.0%	3.1%	6.6%	9.2%	8.5%	4.2%	3.1%	3.7%
<b>RESIDENCE ADJUSTMENT</b>												
Idaho (Millions)	541	562	574	560	568	588	595	603	613	626	631	634
% Ch	0.7%	16.5%	8.8%	-9.4%	5.8%	14.8%	4.8%	5.5%	6.8%	8.8%	3.0%	2.0%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
JANUARY 2006**

**PERSONAL INCOME -- CURR \$\$**

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>WAGE AND SALARY PAYMENTS</b>												
Idaho (Millions)	21,207	21,546	21,873	22,203	22,564	22,887	23,200	23,530	23,952	24,306	24,663	25,032
% Ch	5.8%	6.5%	6.2%	6.2%	6.7%	5.9%	5.6%	5.8%	7.4%	6.0%	6.0%	6.1%
National (Billions)	5,935	6,021	6,108	6,198	6,288	6,375	6,464	6,559	6,661	6,756	6,849	6,943
% Ch	6.3%	6.0%	5.9%	6.0%	6.0%	5.6%	5.7%	6.0%	6.4%	5.8%	5.7%	5.6%
<b>FARM PROPRIETORS INCOME</b>												
Idaho (Millions)	625	684	686	721	752	762	742	702	764	728	738	740
% Ch	-8.7%	43.0%	1.3%	22.0%	18.0%	5.8%	-10.3%	-19.7%	40.1%	-17.3%	5.4%	1.0%
National (Billions)	18	18	17	17	19	20	19	17	16	15	15	15
% Ch	-18.7%	6.5%	-29.5%	8.6%	61.1%	12.0%	-15.8%	-31.1%	-27.0%	-27.5%	9.3%	1.4%
<b>NONFARM PROPRIETORS INCOME</b>												
Idaho (Millions)	4,406	4,486	4,546	4,599	4,658	4,733	4,806	4,885	4,962	5,043	5,120	5,199
% Ch	7.6%	7.4%	5.5%	4.7%	5.2%	6.6%	6.3%	6.7%	6.5%	6.7%	6.2%	6.3%
National (Billions)	966	984	996	1,007	1,020	1,036	1,052	1,069	1,085	1,103	1,120	1,137
% Ch	7.5%	7.3%	5.3%	4.5%	5.0%	6.5%	6.2%	6.7%	6.4%	6.7%	6.1%	6.2%
<b>DIVIDENDS, RENT &amp; INTEREST</b>												
Idaho (Millions)	6,558	6,719	6,904	7,076	7,233	7,372	7,525	7,678	7,838	7,995	8,154	8,334
% Ch	11.6%	10.2%	11.4%	10.4%	9.1%	8.0%	8.5%	8.4%	8.6%	8.3%	8.2%	9.1%
National (Billions)	1,617	1,654	1,697	1,732	1,767	1,797	1,831	1,865	1,903	1,938	1,975	2,016
% Ch	10.5%	9.6%	10.7%	8.7%	8.3%	7.0%	7.8%	7.7%	8.2%	7.7%	7.8%	8.6%
<b>OTHER LABOR INCOME</b>												
Idaho (Millions)	5,439	5,531	5,584	5,630	5,647	5,707	5,751	5,796	5,849	5,905	5,957	6,017
% Ch	4.6%	6.9%	3.9%	3.3%	1.2%	4.3%	3.1%	3.2%	3.7%	3.9%	3.6%	4.1%
National (Billions)	1,006	1,019	1,027	1,035	1,036	1,047	1,055	1,064	1,071	1,080	1,089	1,098
% Ch	4.4%	5.5%	3.0%	3.1%	0.7%	4.0%	3.2%	3.4%	2.7%	3.7%	3.2%	3.5%
<b>GOVT. TRANSFERS TO INDIV.</b>												
Idaho (Millions)	6,424	6,527	6,651	6,723	6,835	6,916	7,003	7,095	7,215	7,309	7,405	7,498
% Ch	15.7%	6.5%	7.9%	4.4%	6.8%	4.8%	5.2%	5.4%	6.9%	5.3%	5.3%	5.1%
National (Billions)	1,605	1,631	1,660	1,676	1,704	1,723	1,745	1,767	1,796	1,819	1,842	1,865
% Ch	13.6%	6.6%	7.4%	3.9%	6.7%	4.7%	5.0%	5.2%	6.8%	5.2%	5.2%	5.0%
<b>CONTRIB. FOR SOCIAL INSUR.</b>												
Idaho (Millions)	3,492	3,535	3,584	3,640	3,735	3,771	3,806	3,852	3,957	4,000	4,052	4,109
% Ch	12.2%	5.0%	5.7%	6.4%	10.9%	3.8%	3.8%	4.9%	11.4%	4.4%	5.3%	5.8%
National (Billions)	445	450	456	463	474	478	483	489	502	507	514	521
% Ch	11.2%	4.8%	5.5%	5.8%	10.1%	3.7%	3.9%	5.4%	10.5%	4.6%	5.2%	5.5%
<b>RESIDENCE ADJUSTMENT</b>												
Idaho (Millions)	637	642	646	651	656	660	664	669	676	682	687	693
% Ch	2.1%	3.0%	2.8%	2.8%	3.4%	2.6%	2.4%	2.7%	4.7%	3.2%	3.2%	3.4%

**IDAHO ECONOMIC FORECAST**  
**QUARTERLY DETAIL**  
**JANUARY 2006**

**EMPLOYMENT**

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>TOTAL NONFARM EMPLOYMENT</b>												
Idaho	572,299	570,067	571,847	575,849	579,534	587,057	590,604	594,938	604,587	608,403	611,745	615,160
% Ch	-0.1%	-1.6%	1.3%	2.8%	2.6%	5.3%	2.4%	3.0%	6.6%	2.5%	2.2%	2.3%
National (Thousands)	130,093	129,845	129,890	130,168	130,541	131,325	131,731	132,302	132,814	133,429	133,961	134,261
% Ch	-0.5%	-0.8%	0.1%	0.9%	1.2%	2.4%	1.2%	1.7%	1.6%	1.9%	1.6%	0.9%
<b>GOODS PRODUCING SECTOR</b>												
Idaho	103,729	101,643	101,823	102,270	103,459	105,468	105,522	107,291	110,525	111,365	111,208	111,400
% Ch	-6.5%	-7.8%	0.7%	1.8%	4.7%	8.0%	0.2%	6.9%	12.6%	3.1%	-0.6%	0.7%
National (Thousands)	22,036	21,828	21,700	21,684	21,725	21,868	21,932	22,000	22,054	22,134	22,146	22,211
% Ch	-3.9%	-3.7%	-2.3%	-0.3%	0.7%	2.7%	1.2%	1.3%	1.0%	1.5%	0.2%	1.2%
<b>MANUFACTURING</b>												
Idaho	65,349	63,757	63,351	62,991	63,108	63,856	63,578	64,213	64,796	64,850	64,480	64,443
% Ch	-7.6%	-9.4%	-2.5%	-2.3%	0.7%	4.8%	-1.7%	4.1%	3.7%	0.3%	-2.3%	-0.2%
National (Thousands)	14,857	14,624	14,446	14,383	14,353	14,407	14,421	14,406	14,382	14,357	14,319	14,303
% Ch	-5.2%	-6.1%	-4.8%	-1.7%	-0.8%	1.5%	0.4%	-0.4%	-0.6%	-0.7%	-1.1%	-0.4%
<b>DURABLE MANUFACTURING</b>												
Idaho	41,046	39,706	39,448	39,601	39,923	40,768	40,665	40,879	41,556	42,058	41,985	42,096
% Ch	-11.7%	-12.4%	-2.6%	1.6%	3.3%	8.7%	-1.0%	2.1%	6.8%	4.9%	-0.7%	1.1%
National (Thousands)	9,209	9,053	8,940	8,924	8,932	8,988	9,017	9,024	9,022	9,019	9,003	9,008
% Ch	-6.3%	-6.6%	-4.9%	-0.7%	0.3%	2.5%	1.3%	0.3%	-0.1%	-0.1%	-0.7%	0.2%
<b>LOGGING &amp; WOOD PRODUCTS</b>												
Idaho	9,326	8,913	8,897	9,066	9,220	9,419	9,320	9,263	9,456	9,686	9,559	9,430
% Ch	-12.1%	-16.6%	-0.7%	7.8%	7.0%	8.9%	-4.2%	-2.4%	8.6%	10.1%	-5.1%	-5.3%
National (Thousands)	611	606	603	608	610	616	618	622	623	615	615	611
% Ch	-3.9%	-3.3%	-1.9%	3.9%	1.1%	3.9%	1.4%	2.2%	0.6%	-4.6%	-0.5%	-2.1%
<b>METAL FABRICATION</b>												
Idaho	3,617	3,529	3,473	3,528	3,586	3,637	3,676	3,644	3,792	3,861	4,031	4,039
% Ch	-4.1%	-9.4%	-6.3%	6.6%	6.7%	5.8%	4.3%	-3.3%	17.1%	7.5%	18.8%	0.9%
National (Thousands)	1,501	1,480	1,465	1,468	1,477	1,494	1,506	1,512	1,515	1,520	1,523	1,523
% Ch	-6.3%	-5.5%	-4.1%	0.8%	2.5%	4.7%	3.1%	1.5%	0.9%	1.2%	0.9%	-0.1%
<b>MACHINERY</b>												
Idaho	2,700	2,653	2,598	2,578	2,554	2,572	2,571	2,580	2,608	2,584	2,566	2,567
% Ch	-16.4%	-6.7%	-8.1%	-2.9%	-3.7%	2.9%	-0.3%	1.5%	4.4%	-3.7%	-2.8%	0.2%
National (Thousands)	1,178	1,153	1,135	1,132	1,130	1,141	1,149	1,147	1,149	1,155	1,161	1,165
% Ch	-6.9%	-8.3%	-6.2%	-1.1%	-0.6%	3.7%	3.0%	-0.7%	0.6%	2.4%	1.9%	1.5%
<b>COMPUTER &amp; ELECTRONICS</b>												
Idaho	16,817	16,152	16,186	16,018	16,158	16,477	16,226	16,269	16,363	16,405	16,101	16,297
% Ch	-20.2%	-14.9%	0.8%	-4.1%	3.5%	8.1%	-6.0%	1.1%	2.3%	1.0%	-7.2%	4.9%
National (Thousands)	1,400	1,364	1,335	1,322	1,319	1,326	1,333	1,328	1,327	1,331	1,333	1,332
% Ch	-11.6%	-9.7%	-8.3%	-3.8%	-1.0%	2.2%	2.3%	-1.6%	-0.2%	1.2%	0.8%	-0.5%
<b>OTHER DURABLES</b>												
Idaho	8,586	8,459	8,295	8,411	8,405	8,662	8,872	9,122	9,337	9,522	9,728	9,762
% Ch	6.7%	-5.8%	-7.5%	5.7%	-0.3%	12.8%	10.1%	11.7%	9.8%	8.2%	8.9%	1.4%
National (Thousands)	4,519	4,449	4,402	4,394	4,395	4,411	4,411	4,416	4,409	4,398	4,371	4,377
% Ch	-4.7%	-6.0%	-4.2%	-0.8%	0.2%	1.5%	-0.1%	0.5%	-0.7%	-1.0%	-2.4%	0.6%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST**  
**QUARTERLY DETAIL**  
**JANUARY 2006**

**EMPLOYMENT**

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>TOTAL NONFARM EMPLOYMENT</b>												
Idaho	618,309	621,477	624,225	626,694	630,081	633,354	636,752	640,339	643,888	647,451	650,645	653,918
% Ch	2.1%	2.1%	1.8%	1.6%	2.2%	2.1%	2.2%	2.3%	2.2%	2.2%	2.0%	2.0%
National (Thousands)	134,876	135,460	135,958	136,479	136,911	137,373	137,818	138,291	138,716	139,157	139,547	139,907
% Ch	1.8%	1.7%	1.5%	1.5%	1.3%	1.4%	1.3%	1.4%	1.2%	1.3%	1.1%	1.0%
<b>GOODS PRODUCING SECTOR</b>												
Idaho	111,185	110,673	109,542	108,624	108,292	107,992	107,893	108,031	108,023	108,180	108,107	108,095
% Ch	-0.8%	-1.8%	-4.0%	-3.3%	-1.2%	-1.1%	-0.4%	0.5%	0.0%	0.6%	-0.3%	0.0%
National (Thousands)	22,287	22,316	22,231	22,220	22,202	22,211	22,229	22,248	22,215	22,190	22,174	22,173
% Ch	1.4%	0.5%	-1.5%	-0.2%	-0.3%	0.2%	0.3%	0.3%	-0.6%	-0.5%	-0.3%	0.0%
<b>MANUFACTURING</b>												
Idaho	64,646	64,787	64,547	64,407	64,513	64,615	64,678	64,797	64,809	65,036	65,094	65,282
% Ch	1.3%	0.9%	-1.5%	-0.9%	0.7%	0.6%	0.4%	0.7%	0.1%	1.4%	0.4%	1.2%
National (Thousands)	14,312	14,286	14,195	14,183	14,160	14,135	14,108	14,081	14,058	14,043	14,033	14,021
% Ch	0.3%	-0.7%	-2.5%	-0.3%	-0.7%	-0.7%	-0.8%	-0.8%	-0.6%	-0.4%	-0.3%	-0.3%
<b>DURABLE MANUFACTURING</b>												
Idaho	42,338	42,473	42,206	41,975	42,100	42,207	42,273	42,378	42,340	42,520	42,539	42,691
% Ch	2.3%	1.3%	-2.5%	-2.2%	1.2%	1.0%	0.6%	1.0%	-0.4%	1.7%	0.2%	1.4%
National (Thousands)	9,033	9,043	8,982	8,985	8,970	8,950	8,926	8,899	8,878	8,871	8,869	8,867
% Ch	1.1%	0.5%	-2.7%	0.1%	-0.7%	-0.9%	-1.1%	-1.2%	-0.9%	-0.3%	-0.1%	-0.1%
<b>LOGGING &amp; WOOD PRODUCTS</b>												
Idaho	9,459	9,511	9,443	9,405	9,443	9,404	9,307	9,210	9,114	8,996	8,762	8,602
% Ch	1.2%	2.2%	-2.8%	-1.6%	1.6%	-1.7%	-4.1%	-4.1%	-4.1%	-5.1%	-10.0%	-7.1%
National (Thousands)	615	625	626	630	628	623	617	609	602	592	582	573
% Ch	2.3%	6.8%	0.9%	2.3%	-1.0%	-3.0%	-4.3%	-4.7%	-4.6%	-6.5%	-6.5%	-6.1%
<b>METAL FABRICATION</b>												
Idaho	4,036	4,046	4,057	4,077	4,094	4,113	4,135	4,158	4,182	4,206	4,228	4,245
% Ch	-0.3%	1.0%	1.1%	2.0%	1.7%	1.9%	2.1%	2.3%	2.3%	2.3%	2.1%	1.6%
National (Thousands)	1,528	1,535	1,534	1,549	1,560	1,569	1,577	1,582	1,589	1,598	1,607	1,616
% Ch	1.5%	1.6%	-0.2%	4.0%	2.9%	2.2%	2.1%	1.4%	1.7%	2.3%	2.2%	2.1%
<b>MACHINERY</b>												
Idaho	2,603	2,639	2,671	2,700	2,721	2,735	2,741	2,739	2,719	2,680	2,650	2,631
% Ch	5.7%	5.6%	4.9%	4.5%	3.0%	2.1%	0.9%	-0.3%	-3.0%	-5.6%	-4.4%	-2.8%
National (Thousands)	1,172	1,187	1,192	1,207	1,213	1,218	1,218	1,214	1,206	1,193	1,185	1,180
% Ch	2.3%	5.4%	1.8%	4.9%	2.3%	1.6%	0.0%	-1.3%	-2.8%	-4.1%	-2.6%	-1.6%
<b>COMPUTER &amp; ELECTRONICS</b>												
Idaho	16,471	16,455	16,167	15,902	15,966	16,102	16,258	16,447	16,496	16,789	17,014	17,292
% Ch	4.3%	-0.4%	-6.8%	-6.4%	1.6%	3.5%	3.9%	4.7%	1.2%	7.3%	5.5%	6.7%
National (Thousands)	1,324	1,297	1,252	1,210	1,187	1,171	1,159	1,150	1,141	1,139	1,137	1,138
% Ch	-2.3%	-7.9%	-13.1%	-12.9%	-7.2%	-5.2%	-4.1%	-3.2%	-3.1%	-0.6%	-0.7%	0.2%
<b>OTHER DURABLES</b>												
Idaho	9,769	9,822	9,869	9,890	9,876	9,853	9,833	9,824	9,830	9,850	9,886	9,921
% Ch	0.3%	2.2%	1.9%	0.8%	-0.5%	-0.9%	-0.8%	-0.4%	0.2%	0.8%	1.5%	1.4%
National (Thousands)	4,394	4,399	4,377	4,390	4,381	4,369	4,355	4,343	4,340	4,348	4,357	4,360
% Ch	1.6%	0.5%	-2.0%	1.2%	-0.9%	-1.1%	-1.3%	-1.0%	-0.3%	0.7%	0.8%	0.3%

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**IDAHO ECONOMIC FORECAST**  
**QUARTERLY DETAIL**  
**JANUARY 2006**  
**EMPLOYMENT**

**MANUFACTURING (continued)**

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>NONDURABLE MANUFACTURING</b>												
Idaho	24,303	24,051	23,903	23,389	23,185	23,088	22,914	23,335	23,240	22,792	22,495	22,347
% Ch	0.0%	-4.1%	-2.4%	-8.3%	-3.4%	-1.7%	-3.0%	7.5%	-1.6%	-7.5%	-5.1%	-2.6%
National (Thousands)	5,648	5,572	5,506	5,459	5,421	5,419	5,404	5,381	5,361	5,338	5,316	5,295
% Ch	-3.4%	-5.3%	-4.6%	-3.4%	-2.7%	-0.2%	-1.1%	-1.6%	-1.5%	-1.7%	-1.6%	-1.6%
<b>FOOD PROCESSING</b>												
Idaho	16,138	15,972	15,951	15,540	15,182	15,004	14,749	15,056	14,982	14,638	14,448	14,306
% Ch	-2.5%	-4.0%	-0.5%	-9.9%	-8.9%	-4.6%	-6.6%	8.6%	-2.0%	-8.9%	-5.1%	-3.8%
National (Thousands)	1,522	1,516	1,518	1,512	1,499	1,500	1,499	1,495	1,494	1,490	1,482	1,476
% Ch	0.7%	-1.7%	0.5%	-1.6%	-3.3%	0.4%	-0.4%	-0.9%	-0.3%	-1.2%	-2.1%	-1.4%
<b>PRINTING</b>												
Idaho	2,112	2,085	1,991	1,931	1,910	1,908	1,944	1,923	1,910	1,889	1,859	1,854
% Ch	13.5%	-5.1%	-16.7%	-11.6%	-4.2%	-0.4%	7.7%	-4.3%	-2.7%	-4.3%	-6.2%	-1.1%
National (Thousands)	686	683	679	673	668	667	664	661	659	657	653	650
% Ch	-2.1%	-2.0%	-2.5%	-3.2%	-3.2%	-0.4%	-2.1%	-1.5%	-1.1%	-1.4%	-2.5%	-1.6%
<b>CHEMICALS</b>												
Idaho	1,852	1,824	1,832	1,815	1,841	1,879	1,900	1,888	1,950	1,924	1,896	1,888
% Ch	-9.9%	-6.1%	1.8%	-3.7%	5.9%	8.5%	4.5%	-2.4%	13.7%	-5.2%	-5.7%	-1.7%
National (Thousands)	919	909	903	894	889	890	886	882	877	878	878	873
% Ch	-1.0%	-4.2%	-2.9%	-4.0%	-2.0%	0.2%	-1.4%	-1.7%	-2.5%	0.5%	-0.1%	-2.4%
<b>OTHER NONDURABLES</b>												
Idaho	4,201	4,171	4,128	4,104	4,252	4,296	4,321	4,467	4,399	4,341	4,293	4,298
% Ch	8.3%	-2.8%	-4.0%	-2.3%	15.2%	4.2%	2.3%	14.2%	-6.0%	-5.1%	-4.4%	0.5%
National (Thousands)	2,520	2,464	2,407	2,380	2,365	2,362	2,355	2,343	2,330	2,314	2,304	2,296
% Ch	-7.0%	-8.7%	-8.9%	-4.4%	-2.5%	-0.6%	-1.1%	-2.1%	-2.1%	-2.8%	-1.7%	-1.4%
<b>MINING</b>												
Idaho	1,749	1,772	1,829	1,788	1,809	1,934	1,988	1,993	2,023	2,140	2,152	2,162
% Ch	-1.2%	5.5%	13.5%	-8.8%	4.8%	30.7%	11.6%	1.0%	6.2%	25.3%	2.3%	1.9%
National (Thousands)	503	501	501	505	511	522	528	532	545	560	567	574
% Ch	-1.9%	-2.2%	0.6%	3.0%	4.7%	9.1%	4.9%	2.4%	10.1%	12.0%	5.0%	4.7%
<b>CONSTRUCTION</b>												
Idaho	36,631	36,114	36,643	37,492	38,542	39,678	39,956	41,085	43,706	44,375	44,576	44,795
% Ch	-4.7%	-5.5%	6.0%	9.6%	11.7%	12.3%	2.8%	11.8%	28.1%	6.3%	1.8%	2.0%
National (Thousands)	6,675	6,703	6,753	6,797	6,861	6,939	6,983	7,063	7,127	7,217	7,260	7,334
% Ch	-1.2%	1.7%	3.0%	2.6%	3.8%	4.6%	2.5%	4.7%	3.7%	5.1%	2.4%	4.1%
<b>NONGOODS PRODUCING</b>												
Idaho	468,570	468,423	470,024	473,579	476,075	481,589	485,082	487,647	494,062	497,038	500,537	503,760
% Ch	1.4%	-0.1%	1.4%	3.1%	2.1%	4.7%	2.9%	2.1%	5.4%	2.4%	2.8%	2.6%
National (Thousands)	108,057	108,017	108,190	108,483	108,816	109,457	109,799	110,302	110,759	111,295	111,815	112,050
% Ch	0.2%	-0.1%	0.6%	1.1%	1.2%	2.4%	1.3%	1.8%	1.7%	1.9%	1.9%	0.8%
<b>SERVICES</b>												
Idaho	258,434	258,507	260,497	262,608	264,705	268,539	270,221	272,573	276,946	279,121	281,250	283,863
% Ch	2.0%	0.1%	3.1%	3.3%	3.2%	5.9%	2.5%	3.5%	6.6%	3.2%	3.1%	3.8%
National (Thousands)	65,876	65,908	66,112	66,399	66,653	67,168	67,455	67,849	68,233	68,646	69,023	69,222
% Ch	0.4%	0.2%	1.2%	1.7%	1.5%	3.1%	1.7%	2.4%	2.3%	2.4%	2.2%	1.2%
<b>INFORMATION</b>												
Idaho	9,187	9,165	9,103	9,278	9,381	9,684	10,231	10,452	10,863	11,006	11,072	11,122
% Ch	1.0%	-1.0%	-2.7%	7.9%	4.5%	13.5%	24.6%	8.9%	16.7%	5.4%	2.4%	1.8%
National (Thousands)	3,240	3,194	3,167	3,151	3,139	3,146	3,135	3,130	3,128	3,148	3,148	3,141
% Ch	-9.1%	-5.6%	-3.3%	-2.0%	-1.5%	0.9%	-1.4%	-0.6%	-0.3%	2.6%	0.0%	-1.0%
<b>FINANCIAL ACTIVITIES</b>												
Idaho	26,539	26,836	27,151	27,256	27,471	27,776	27,973	28,532	28,857	29,160	29,861	30,107
% Ch	6.1%	4.6%	4.8%	1.6%	3.2%	4.5%	2.9%	8.2%	4.6%	4.3%	10.0%	3.3%
National (Thousands)	7,933	7,980	8,000	7,989	7,997	8,036	8,061	8,109	8,161	8,193	8,247	8,299
% Ch	2.1%	2.4%	1.0%	-0.6%	0.4%	2.0%	1.3%	2.4%	2.6%	1.6%	2.7%	2.5%

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**IDAHO ECONOMIC FORECAST**  
**QUARTERLY DETAIL**  
**JANUARY 2006**  
**EMPLOYMENT**

**MANUFACTURING (continued)**

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>NONDURABLE MANUFACTURING</b>												
Idaho	22,308	22,314	22,341	22,432	22,413	22,408	22,405	22,419	22,469	22,516	22,556	22,591
% Ch	-0.7%	0.1%	0.5%	1.6%	-0.3%	-0.1%	0.0%	0.2%	0.9%	0.8%	0.7%	0.6%
National (Thousands)	5,279	5,243	5,213	5,198	5,190	5,185	5,182	5,181	5,180	5,172	5,164	5,154
% Ch	-1.2%	-2.7%	-2.2%	-1.1%	-0.6%	-0.4%	-0.2%	-0.1%	-0.1%	-0.6%	-0.6%	-0.8%
<b>FOOD PROCESSING</b>												
Idaho	14,251	14,239	14,251	14,336	14,323	14,322	14,322	14,333	14,377	14,411	14,437	14,456
% Ch	-1.5%	-0.3%	0.3%	2.4%	-0.3%	0.0%	0.0%	0.3%	1.2%	1.0%	0.7%	0.5%
National (Thousands)	1,474	1,467	1,463	1,464	1,468	1,472	1,477	1,482	1,488	1,493	1,497	1,501
% Ch	-0.7%	-1.8%	-1.3%	0.3%	1.1%	1.3%	1.2%	1.4%	1.6%	1.4%	1.2%	1.0%
<b>PRINTING</b>												
Idaho	1,847	1,842	1,838	1,834	1,828	1,823	1,820	1,816	1,813	1,810	1,807	1,804
% Ch	-1.5%	-1.1%	-0.9%	-0.9%	-1.1%	-1.1%	-0.8%	-0.7%	-0.7%	-0.6%	-0.6%	-0.6%
National (Thousands)	647	643	640	639	640	642	643	645	646	648	648	649
% Ch	-2.1%	-2.2%	-1.7%	-0.6%	0.5%	1.1%	0.9%	1.0%	1.1%	0.7%	0.5%	0.4%
<b>CHEMICALS</b>												
Idaho	1,880	1,865	1,844	1,818	1,790	1,765	1,745	1,728	1,714	1,701	1,691	1,682
% Ch	-1.7%	-3.2%	-4.4%	-5.5%	-6.0%	-5.3%	-4.6%	-3.8%	-3.3%	-2.9%	-2.4%	-2.1%
National (Thousands)	881	881	881	880	878	875	873	872	870	865	861	857
% Ch	3.9%	0.1%	-0.3%	-0.5%	-0.6%	-1.5%	-0.8%	-0.5%	-1.1%	-2.0%	-1.8%	-1.9%
<b>OTHER NONDURABLES</b>												
Idaho	4,330	4,369	4,409	4,445	4,471	4,497	4,519	4,541	4,565	4,593	4,620	4,649
% Ch	3.0%	3.7%	3.7%	3.4%	2.4%	2.4%	1.9%	2.0%	2.1%	2.5%	2.4%	2.6%
National (Thousands)	2,278	2,251	2,230	2,216	2,204	2,196	2,189	2,183	2,176	2,167	2,157	2,147
% Ch	-3.2%	-4.6%	-3.8%	-2.4%	-2.1%	-1.4%	-1.3%	-1.2%	-1.3%	-1.7%	-1.8%	-1.8%
<b>MINING</b>												
Idaho	2,156	2,228	2,176	2,173	2,184	2,087	1,991	1,921	1,844	1,763	1,673	1,574
% Ch	-1.2%	14.1%	-9.0%	-0.6%	2.1%	-16.5%	-17.3%	-13.2%	-15.1%	-16.5%	-18.8%	-21.7%
National (Thousands)	562	597	610	620	622	599	578	564	550	538	528	520
% Ch	-8.0%	27.2%	8.9%	7.0%	1.6%	-14.3%	-13.1%	-9.6%	-9.2%	-8.7%	-7.1%	-5.9%
<b>CONSTRUCTION</b>												
Idaho	44,383	43,658	42,819	42,044	41,596	41,290	41,224	41,313	41,370	41,380	41,339	41,239
% Ch	-3.6%	-6.4%	-7.5%	-7.1%	-4.2%	-2.9%	-0.6%	0.9%	0.6%	0.1%	-0.4%	-1.0%
National (Thousands)	7,413	7,434	7,427	7,416	7,419	7,477	7,543	7,603	7,606	7,608	7,613	7,632
% Ch	4.4%	1.1%	-0.4%	-0.5%	0.2%	3.1%	3.6%	3.2%	0.2%	0.1%	0.2%	1.0%
<b>NONGOODS PRODUCING</b>												
Idaho	507,125	510,805	514,683	518,070	521,789	525,362	528,859	532,309	535,864	539,271	542,539	545,823
% Ch	2.7%	2.9%	3.1%	2.7%	2.9%	2.8%	2.7%	2.6%	2.7%	2.6%	2.4%	2.4%
National (Thousands)	112,589	113,144	113,727	114,259	114,710	115,162	115,589	116,043	116,501	116,968	117,372	117,734
% Ch	1.9%	2.0%	2.1%	1.9%	1.6%	1.6%	1.5%	1.6%	1.6%	1.6%	1.4%	1.2%
<b>SERVICES</b>												
Idaho	286,274	288,929	291,694	294,217	296,838	299,399	301,852	304,313	306,852	309,280	311,626	314,004
% Ch	3.4%	3.8%	3.9%	3.5%	3.6%	3.5%	3.3%	3.3%	3.4%	3.2%	3.1%	3.1%
National (Thousands)	69,593	69,989	70,363	70,686	70,980	71,291	71,614	71,985	72,373	72,742	73,122	73,449
% Ch	2.2%	2.3%	2.2%	1.8%	1.7%	1.8%	1.8%	2.1%	2.2%	2.1%	2.1%	1.8%
<b>INFORMATION</b>												
Idaho	11,164	11,196	11,249	11,289	11,352	11,412	11,475	11,540	11,605	11,669	11,734	11,797
% Ch	1.5%	1.2%	1.9%	1.5%	2.2%	2.1%	2.2%	2.3%	2.3%	2.3%	2.2%	2.2%
National (Thousands)	3,141	3,151	3,188	3,209	3,225	3,229	3,231	3,250	3,271	3,284	3,298	3,313
% Ch	0.0%	1.4%	4.7%	2.7%	1.9%	0.5%	0.3%	2.4%	2.6%	1.7%	1.7%	1.9%
<b>FINANCIAL ACTIVITIES</b>												
Idaho	30,320	30,522	30,721	30,921	31,122	31,321	31,518	31,712	31,904	32,091	32,274	32,450
% Ch	2.9%	2.7%	2.6%	2.6%	2.6%	2.6%	2.5%	2.5%	2.4%	2.4%	2.3%	2.2%
National (Thousands)	8,304	8,276	8,260	8,255	8,282	8,296	8,297	8,321	8,352	8,375	8,392	8,398
% Ch	0.3%	-1.3%	-0.8%	-0.2%	1.3%	0.7%	0.1%	1.1%	1.5%	1.1%	0.8%	0.3%

National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005

**IDAHO ECONOMIC FORECAST**  
**QUARTERLY DETAIL**  
**JANUARY 2006**

**EMPLOYMENT**

<b>SERVICES (Continued)</b>												
	<b>2003</b>				<b>2004</b>				<b>2005</b>			
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>TRANS., WAREHOUSING, UTILITIES</b>												
Idaho	19,003	18,604	18,720	18,714	18,927	19,093	18,879	18,874	18,984	19,193	18,775	18,831
% Ch	5.3%	-8.1%	2.5%	-0.1%	4.6%	3.6%	-4.4%	-0.1%	2.4%	4.5%	-8.4%	1.2%
National (Thousands)	4,793	4,761	4,742	4,753	4,777	4,808	4,835	4,856	4,901	4,934	4,946	4,949
% Ch	-1.8%	-2.6%	-1.6%	0.9%	2.1%	2.6%	2.2%	1.8%	3.7%	2.8%	1.0%	0.2%
<b>PROFESSIONAL &amp; BUSINESS</b>												
Idaho	70,031	69,647	69,789	70,514	71,390	73,108	73,757	74,272	75,866	76,682	77,235	78,054
% Ch	-2.1%	-2.2%	0.8%	4.2%	5.1%	10.0%	3.6%	2.8%	8.9%	4.4%	2.9%	4.3%
National (Thousands)	15,915	15,913	16,012	16,100	16,158	16,368	16,479	16,633	16,755	16,867	16,997	17,087
% Ch	-0.1%	-0.1%	2.5%	2.2%	1.4%	5.3%	2.7%	3.8%	3.0%	2.7%	3.1%	2.1%
<b>EDUCATION &amp; HEALTH</b>												
Idaho	61,490	62,178	63,018	63,531	63,892	65,062	65,616	66,305	67,347	67,807	68,537	69,352
% Ch	5.1%	4.6%	5.5%	3.3%	2.3%	7.5%	3.4%	4.3%	6.4%	2.8%	4.4%	4.8%
National (Thousands)	16,458	16,566	16,609	16,716	16,795	16,907	16,997	17,110	17,191	17,289	17,415	17,498
% Ch	2.2%	2.7%	1.0%	2.6%	1.9%	2.7%	2.2%	2.7%	1.9%	2.3%	2.9%	1.9%
<b>LEISURE &amp; HOSPITALITY</b>												
Idaho	54,092	53,995	54,531	55,002	55,541	55,494	55,433	55,812	56,710	56,887	57,442	57,977
% Ch	0.9%	-0.7%	4.0%	3.5%	4.0%	-0.3%	-0.4%	2.8%	6.6%	1.3%	4.0%	3.8%
National (Thousands)	12,137	12,095	12,182	12,288	12,377	12,468	12,509	12,569	12,641	12,741	12,799	12,800
% Ch	1.4%	-1.4%	2.9%	3.5%	2.9%	3.0%	1.3%	1.9%	2.3%	3.2%	1.8%	0.0%
<b>OTHER SERVICES</b>												
Idaho	18,092	18,082	18,186	18,313	18,103	18,322	18,334	18,326	18,320	18,386	18,328	18,418
% Ch	2.4%	-0.2%	2.3%	2.8%	-4.5%	4.9%	0.2%	-0.2%	-0.1%	1.5%	-1.3%	2.0%
National (Thousands)	5,401	5,399	5,399	5,401	5,409	5,435	5,438	5,441	5,456	5,473	5,470	5,449
% Ch	0.3%	-0.1%	0.0%	0.1%	0.6%	1.9%	0.2%	0.2%	1.1%	1.3%	-0.2%	-1.6%
<b>TRADE</b>												
Idaho	97,426	96,942	96,620	97,471	97,835	98,909	99,561	100,190	101,997	103,040	104,196	104,750
% Ch	0.9%	-2.0%	-1.3%	3.6%	1.5%	4.5%	2.7%	2.6%	7.4%	4.2%	4.6%	2.1%
National (Thousands)	20,556	20,518	20,508	20,531	20,608	20,701	20,708	20,751	20,802	20,896	20,950	20,942
% Ch	-1.1%	-0.7%	-0.2%	0.4%	1.5%	1.8%	0.1%	0.8%	1.0%	1.8%	1.0%	-0.2%
<b>RETAIL TRADE</b>												
Idaho	72,760	72,227	72,470	73,014	72,937	73,774	73,748	74,401	75,638	76,303	77,103	77,549
% Ch	3.0%	-2.9%	1.4%	3.0%	-0.4%	4.7%	-0.1%	3.6%	6.8%	3.6%	4.3%	2.3%
National (Thousands)	14,929	14,902	14,916	14,935	14,987	15,050	15,043	15,072	15,112	15,180	15,218	15,200
% Ch	-1.2%	-0.7%	0.4%	0.5%	1.4%	1.7%	-0.2%	0.8%	1.1%	1.8%	1.0%	-0.4%
<b>WHOLESALE TRADE</b>												
Idaho	24,666	24,715	24,151	24,458	24,898	25,135	25,813	25,790	26,360	26,737	27,094	27,201
% Ch	-5.1%	0.8%	-8.8%	5.2%	7.4%	3.9%	11.2%	-0.4%	9.1%	5.9%	5.4%	1.6%
National (Thousands)	5,626	5,616	5,592	5,597	5,621	5,651	5,665	5,679	5,690	5,716	5,733	5,742
% Ch	-0.7%	-0.7%	-1.7%	0.3%	1.7%	2.2%	1.0%	1.0%	0.8%	1.8%	1.2%	0.6%
<b>STATE &amp; LOCAL GOVERNMENT</b>												
Idaho	98,938	99,257	99,281	100,126	100,277	100,824	101,874	101,641	101,863	101,738	102,145	102,214
% Ch	1.1%	1.3%	0.1%	3.4%	0.6%	2.2%	4.2%	-0.9%	0.9%	-0.5%	1.6%	0.3%
National (Thousands)	18,836	18,822	18,814	18,818	18,825	18,853	18,907	18,983	19,004	19,033	19,123	19,168
% Ch	0.7%	-0.3%	-0.2%	0.1%	0.2%	0.6%	1.2%	1.6%	0.5%	0.6%	1.9%	0.9%
<b>EDUCATION</b>												
Idaho	49,824	49,906	49,415	50,516	50,309	50,548	51,474	50,966	51,396	51,332	51,742	51,786
% Ch	2.1%	0.7%	-3.9%	9.2%	-1.6%	1.9%	7.5%	-3.9%	3.4%	-0.5%	3.2%	0.3%
<b>NONEDUCATION</b>												
Idaho	49,114	49,351	49,866	49,609	49,967	50,276	50,400	50,675	50,467	50,406	50,403	50,428
% Ch	0.0%	1.9%	4.2%	-2.0%	2.9%	2.5%	1.0%	2.2%	-1.6%	-0.5%	0.0%	0.2%
<b>FEDERAL GOVERNMENT</b>												
Idaho	13,773	13,718	13,626	13,375	13,258	13,316	13,426	13,243	13,255	13,139	12,946	12,933
% Ch	-3.9%	-1.6%	-2.7%	-7.2%	-3.4%	1.8%	3.3%	-5.3%	0.4%	-3.5%	-5.7%	-0.4%
National (Thousands)	2,790	2,770	2,755	2,736	2,730	2,735	2,729	2,719	2,720	2,720	2,718	2,718
% Ch	1.3%	-2.9%	-2.1%	-2.8%	-0.8%	0.7%	-0.9%	-1.4%	0.2%	-0.1%	-0.2%	0.0%

National Variables Forecast by Global Insight  
Forecast Begins the **THIRD** Quarter of 2005



**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
JANUARY 2006**

**EMPLOYMENT**

SERVICES (Continued)	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>TRANS., WAREHOUSING, UTILITIES</b>												
Idaho	18,922	19,023	19,180	19,310	19,441	19,562	19,672	19,778	19,884	19,988	20,090	20,194
% Ch	1.9%	2.2%	3.3%	2.7%	2.7%	2.5%	2.3%	2.2%	2.2%	2.1%	2.0%	2.1%
National (Thousands)	4,963	5,000	5,032	5,053	5,072	5,090	5,115	5,150	5,191	5,221	5,252	5,277
% Ch	1.2%	3.0%	2.6%	1.7%	1.4%	1.4%	2.0%	2.8%	3.2%	2.4%	2.3%	2.0%
<b>PROFESSIONAL &amp; BUSINESS</b>												
Idaho	78,783	79,723	80,680	81,515	82,449	83,344	84,159	85,006	85,893	86,701	87,461	88,231
% Ch	3.8%	4.9%	4.9%	4.2%	4.7%	4.4%	4.0%	4.1%	4.2%	3.8%	3.5%	3.6%
National (Thousands)	17,281	17,473	17,618	17,742	17,845	18,010	18,213	18,429	18,627	18,810	19,001	19,184
% Ch	4.6%	4.5%	3.4%	2.8%	2.3%	3.8%	4.6%	4.8%	4.4%	4.0%	4.1%	3.9%
<b>EDUCATION &amp; HEALTH</b>												
Idaho	69,959	70,643	71,327	71,937	72,549	73,153	73,746	74,327	74,942	75,528	76,102	76,699
% Ch	3.5%	4.0%	3.9%	3.5%	3.4%	3.3%	3.2%	3.2%	3.4%	3.2%	3.1%	3.2%
National (Thousands)	17,619	17,717	17,796	17,861	17,895	17,955	18,008	18,090	18,154	18,217	18,270	18,297
% Ch	2.8%	2.2%	1.8%	1.5%	0.8%	1.4%	1.2%	1.8%	1.4%	1.4%	1.2%	0.6%
<b>LEISURE &amp; HOSPITALITY</b>												
Idaho	58,513	59,049	59,585	60,120	60,656	61,192	61,727	62,263	62,799	63,335	63,870	64,406
% Ch	3.7%	3.7%	3.7%	3.6%	3.6%	3.6%	3.5%	3.5%	3.5%	3.5%	3.4%	3.4%
National (Thousands)	12,859	12,947	13,029	13,111	13,192	13,228	13,258	13,238	13,251	13,295	13,357	13,416
% Ch	1.8%	2.8%	2.6%	2.5%	2.5%	1.1%	0.9%	-0.6%	0.4%	1.3%	1.9%	1.8%
<b>OTHER SERVICES</b>												
Idaho	18,615	18,773	18,954	19,123	19,270	19,415	19,555	19,687	19,826	19,967	20,095	20,227
% Ch	4.3%	3.4%	3.9%	3.6%	3.1%	3.0%	2.9%	2.7%	2.9%	2.9%	2.6%	2.6%
National (Thousands)	5,427	5,425	5,440	5,454	5,470	5,482	5,492	5,507	5,527	5,540	5,553	5,564
% Ch	-1.6%	-0.1%	1.1%	1.0%	1.2%	0.9%	0.7%	1.1%	1.5%	0.9%	1.0%	0.8%
<b>TRADE</b>												
Idaho	105,469	106,242	107,281	108,195	109,113	109,981	110,794	111,588	112,385	113,171	113,945	114,728
% Ch	2.8%	3.0%	4.0%	3.5%	3.4%	3.2%	3.0%	2.9%	2.9%	2.8%	2.8%	2.8%
National (Thousands)	21,041	21,144	21,256	21,356	21,411	21,509	21,583	21,648	21,696	21,730	21,738	21,768
% Ch	1.9%	2.0%	2.1%	1.9%	1.0%	1.8%	1.4%	1.2%	0.9%	0.6%	0.1%	0.6%
<b>RETAIL TRADE</b>												
Idaho	78,120	78,732	79,545	80,263	80,984	81,668	82,310	82,938	83,568	84,190	84,802	85,422
% Ch	3.0%	3.2%	4.2%	3.7%	3.6%	3.4%	3.2%	3.1%	3.1%	3.0%	2.9%	3.0%
National (Thousands)	15,267	15,330	15,428	15,526	15,587	15,681	15,750	15,799	15,834	15,860	15,860	15,888
% Ch	1.8%	1.6%	2.6%	2.6%	1.6%	2.4%	1.8%	1.3%	0.9%	0.7%	0.0%	0.7%
<b>WHOLESALE TRADE</b>												
Idaho	27,349	27,511	27,737	27,932	28,128	28,313	28,484	28,650	28,817	28,981	29,143	29,306
% Ch	2.2%	2.4%	3.3%	2.8%	2.8%	2.6%	2.4%	2.4%	2.4%	2.3%	2.2%	2.3%
National (Thousands)	5,773	5,815	5,827	5,830	5,824	5,827	5,833	5,849	5,861	5,870	5,877	5,880
% Ch	2.2%	2.9%	0.9%	0.2%	-0.4%	0.2%	0.4%	1.0%	0.9%	0.6%	0.5%	0.2%
<b>STATE &amp; LOCAL GOVERNMENT</b>												
Idaho	102,414	102,653	102,738	102,703	102,897	103,051	103,294	103,499	103,728	103,932	104,091	104,225
% Ch	0.8%	0.9%	0.3%	-0.1%	0.8%	0.6%	0.9%	0.8%	0.9%	0.8%	0.6%	0.5%
National (Thousands)	19,229	19,280	19,377	19,487	19,587	19,632	19,661	19,678	19,699	19,763	19,779	19,782
% Ch	1.3%	1.1%	2.0%	2.3%	2.1%	0.9%	0.6%	0.3%	0.4%	1.3%	0.3%	0.1%
<b>EDUCATION</b>												
Idaho	51,976	52,220	52,327	52,310	52,524	52,679	52,877	53,051	53,241	53,413	53,545	53,658
% Ch	1.5%	1.9%	0.8%	-0.1%	1.6%	1.2%	1.5%	1.3%	1.4%	1.3%	1.0%	0.8%
<b>NONEDUCATION</b>												
Idaho	50,438	50,433	50,411	50,393	50,373	50,372	50,417	50,447	50,487	50,519	50,546	50,566
% Ch	0.1%	0.0%	-0.2%	-0.1%	-0.2%	0.0%	0.4%	0.2%	0.3%	0.3%	0.2%	0.2%
<b>FEDERAL GOVERNMENT</b>												
Idaho	12,967	12,981	12,969	12,955	12,941	12,930	12,920	12,909	12,899	12,888	12,877	12,866
% Ch	1.1%	0.4%	-0.4%	-0.4%	-0.4%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.4%
National (Thousands)	2,726	2,730	2,731	2,731	2,731	2,731	2,731	2,732	2,732	2,733	2,733	2,734
% Ch	1.2%	0.7%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%

**National Variables Forecast by Global Insight  
Forecast Begins the THIRD Quarter of 2005**

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
JANUARY 2006**

**MISCELLANEOUS**

	2003				2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>SELECTED CHAIN-WEIGHTED DEFL.</b>												
<b>Gross Domestic Product</b>	105.724	106.019	106.500	106.996	107.951	108.976	109.371	110.111	110.950	111.655	112.516	113.308
% Ch	3.1%	1.1%	1.8%	1.9%	3.6%	3.9%	1.5%	2.7%	3.1%	2.6%	3.1%	2.8%
<b>Consumption Expenditures</b>	105.051	105.220	105.734	106.076	107.084	108.089	108.484	109.326	109.936	110.832	111.841	112.558
% Ch	3.0%	0.6%	2.0%	1.3%	3.9%	3.8%	1.5%	3.1%	2.3%	3.3%	3.7%	2.6%
<b>Durable Goods</b>	93.906	92.879	91.833	90.868	90.898	90.866	90.310	90.449	90.648	90.527	89.830	89.826
% Ch	-4.3%	-4.3%	-4.4%	-4.1%	0.1%	-0.1%	-2.4%	0.6%	0.9%	-0.5%	-3.0%	0.0%
<b>Nondurable Goods</b>	104.179	103.560	104.356	104.509	106.031	107.744	107.781	108.982	109.327	110.854	112.987	113.037
% Ch	5.6%	-2.4%	3.1%	0.6%	6.0%	6.6%	0.1%	4.5%	1.3%	5.7%	7.9%	0.2%
<b>Services</b>	108.036	108.887	109.647	110.414	111.402	112.303	113.120	113.955	114.803	115.633	116.500	117.745
% Ch	3.4%	3.2%	2.8%	2.8%	3.6%	3.3%	2.9%	3.0%	3.0%	2.9%	3.0%	4.3%
<b>Consumer Price Index</b>	1.832	1.834	1.844	1.848	1.866	1.886	1.894	1.910	1.922	1.941	1.966	1.981
% Ch	4.2%	0.4%	2.2%	0.9%	3.9%	4.4%	1.6%	3.6%	2.4%	4.2%	5.1%	3.2%

**SELECTED INTEREST RATES**

<b>Federal Funds</b>	1.3%	1.2%	1.0%	1.0%	1.0%	1.0%	1.4%	2.0%	2.5%	2.9%	3.5%	4.0%
<b>NY Fed Discount</b>	2.1%	2.2%	2.0%	2.0%	2.0%	2.0%	2.4%	2.9%	3.4%	3.9%	4.4%	5.0%
<b>Prime</b>	4.3%	4.2%	4.0%	4.0%	4.0%	4.0%	4.4%	4.9%	5.4%	5.9%	6.4%	7.0%
<b>Existing Home Mortgage</b>	5.9%	5.6%	5.7%	5.8%	5.6%	5.7%	5.8%	5.7%	5.8%	5.8%	5.8%	6.2%
<b>U.S. Govt. 3-Month Bills</b>	1.2%	1.0%	0.9%	0.9%	0.9%	1.1%	1.5%	2.0%	2.5%	2.9%	3.4%	3.9%
<b>U.S. Govt. 6-Month Bills</b>	1.2%	1.1%	1.0%	1.0%	1.0%	1.3%	1.7%	2.2%	2.8%	3.1%	3.6%	4.1%
<b>U.S. Govt. 5-Year Notes</b>	2.9%	2.6%	3.1%	3.3%	3.0%	3.7%	3.5%	3.5%	3.9%	3.9%	4.0%	4.5%
<b>U.S. Govt. 10-Year Notes</b>	3.9%	3.6%	4.2%	4.3%	4.0%	4.6%	4.3%	4.2%	4.3%	4.2%	4.2%	4.6%

**SELECTED US PRODUCTION INDICES**

<b>Wood Products</b>	99.9	98.9	100.8	104.0	104.0	105.2	104.6	104.8	103.0	101.0	101.1	103.0
% Ch	-3.3%	-4.0%	8.1%	13.0%	-0.1%	4.8%	-2.2%	0.9%	-6.7%	-7.6%	0.5%	7.6%
<b>Computers &amp; Electronic Products</b>	240.4	245.7	255.9	264.1	271.8	284.1	295.5	304.2	320.1	330.5	350.5	360.9
% Ch	17.9%	9.1%	17.6%	13.6%	12.1%	19.4%	16.9%	12.3%	22.6%	13.7%	26.5%	12.4%
<b>Food</b>	109.3	109.5	109.5	109.9	110.4	111.4	111.8	112.5	113.3	113.0	113.4	114.0
% Ch	-0.2%	0.7%	0.0%	1.4%	1.9%	3.6%	1.4%	2.6%	3.0%	-1.2%	1.4%	2.1%
<b>Agricultural Chemicals</b>	81.7	82.7	79.8	79.7	81.3	80.7	81.5	81.4	81.6	81.6	81.8	77.7
% Ch	-1.7%	4.7%	-13.1%	-0.3%	7.9%	-2.6%	3.7%	-0.5%	1.3%	0.0%	0.9%	-18.9%
<b>Metal Ore Mining</b>	73.0	69.3	71.5	67.8	69.1	70.8	72.9	75.7	78.1	78.0	76.1	78.7
% Ch	-13.1%	-18.9%	13.3%	-19.0%	7.7%	10.3%	12.6%	16.1%	13.1%	-0.3%	-9.6%	14.1%

**IDAHO ECONOMIC FORECAST  
QUARTERLY DETAIL  
JANUARY 2006**

**MISCELLANEOUS**

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>SELECTED CHAIN-WEIGHTED DEFL.</b>												
<b>Gross Domestic Product</b>	114.174	114.761	115.224	115.742	116.359	116.925	117.480	118.072	118.775	119.421	120.075	120.741
% Ch	3.1%	2.1%	1.6%	1.8%	2.1%	2.0%	1.9%	2.0%	2.4%	2.2%	2.2%	2.2%
<b>Consumption Expenditures</b>	113.226	113.694	114.151	114.639	115.126	115.685	116.235	116.817	117.479	118.126	118.800	119.486
% Ch	2.4%	1.7%	1.6%	1.7%	1.7%	2.0%	1.9%	2.0%	2.3%	2.2%	2.3%	2.3%
<b>Durable Goods</b>	89.850	89.870	89.825	89.769	89.737	89.701	89.665	89.645	89.644	89.639	89.623	89.593
% Ch	0.1%	0.1%	-0.2%	-0.3%	-0.1%	-0.2%	-0.2%	-0.1%	0.0%	0.0%	-0.1%	-0.1%
<b>Nondurable Goods</b>	113.069	113.120	113.158	113.256	113.432	113.735	113.979	114.245	114.700	115.123	115.599	116.124
% Ch	0.1%	0.2%	0.1%	0.3%	0.6%	1.1%	0.9%	0.9%	1.6%	1.5%	1.7%	1.8%
<b>Services</b>	118.902	119.696	120.496	121.324	122.104	122.948	123.807	124.709	125.649	126.581	127.537	128.495
% Ch	4.0%	2.7%	2.7%	2.8%	2.6%	2.8%	2.8%	2.9%	3.0%	3.0%	3.1%	3.0%
<b>Consumer Price Index</b>	1.993	1.999	2.005	2.012	2.019	2.027	2.036	2.045	2.056	2.066	2.078	2.089
% Ch	2.4%	1.2%	1.2%	1.3%	1.4%	1.7%	1.7%	1.8%	2.2%	2.1%	2.2%	2.3%

**SELECTED INTEREST RATES**

<b>Federal Funds</b>	4.4%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	5.0%
<b>NY Fed Discount</b>	5.4%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	6.0%
<b>Prime</b>	7.4%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	8.0%
<b>Existing Home Mortgage</b>	6.5%	6.8%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	7.0%	7.0%	7.1%
<b>U.S. Govt. 3-Month Bills</b>	4.3%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.8%
<b>U.S. Govt. 6-Month Bills</b>	4.5%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.8%	4.9%
<b>U.S. Govt. 5-Year Notes</b>	4.9%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.3%	5.5%
<b>U.S. Govt. 10-Year Notes</b>	5.0%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.4%	5.4%	5.6%

**SELECTED US PRODUCTION INDICES**

<b>Wood Products</b>	104.5	105.9	106.9	107.3	106.9	106.1	105.2	104.3	103.1	100.7	99.3	98.1
% Ch	6.0%	5.3%	4.0%	1.5%	-1.5%	-3.1%	-3.3%	-3.4%	-4.5%	-9.0%	-5.4%	-4.8%
<b>Computers &amp; Electronic Products</b>	371.0	381.0	389.8	398.3	407.9	417.9	428.8	441.0	453.4	466.3	479.5	493.9
% Ch	11.6%	11.3%	9.5%	9.0%	10.0%	10.2%	10.8%	11.9%	11.8%	11.8%	11.9%	12.6%
<b>Food</b>	114.5	115.1	115.6	116.2	116.8	117.4	118.0	118.6	119.2	119.8	120.4	121.0
% Ch	1.9%	2.0%	2.0%	2.0%	2.1%	2.1%	2.0%	2.0%	2.0%	2.1%	2.1%	2.0%
<b>Agricultural Chemicals</b>	76.5	75.3	74.4	73.9	73.5	73.1	73.1	73.0	73.0	73.1	73.2	73.5
% Ch	-6.0%	-6.0%	-4.5%	-2.7%	-2.2%	-2.0%	-0.5%	-0.2%	0.0%	0.2%	1.0%	1.2%
<b>Metal Ore Mining</b>	79.9	80.9	81.7	82.5	83.1	83.7	84.3	84.9	85.5	86.0	86.5	86.9
% Ch	6.4%	5.3%	4.1%	3.6%	3.2%	3.0%	3.0%	2.9%	2.7%	2.3%	2.2%	2.1%

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## **APPENDIX**

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## THE GLOBAL INSIGHT U.S. MACROECONOMIC MODEL

Global Insight's Macroeconomic Model is a multiple-equation model of the U.S. economy. Consisting of over 1,200 equations, the model is solved iteratively to generate the results of different policy and forecast scenarios. The model incorporates the best insights of many theoretical schools of thought to depict the economic decision processes and interactions of households, businesses, and governments.

The Global Insight model is divided into the following eight major sectors:

- I Private Domestic Spending**
- II Production and Income**
- III Taxes**
- IV International Transactions**
- V Financial**
- VI Inflation**
- VII Supply**
- VIII Expectations**

- I. **Private Domestic Spending.** Major aggregate demand components include consumption, investment, and government. Consumer purchases are divided among three categories: durable goods, nondurable goods, and services. In nearly all cases, real expenditures are influenced by real income and the relative price of consumer goods. Durable and semidurable goods are also sensitive to household net worth, current finance costs, and consumer sentiment.

Global Insight divides investment into two general categories: fixed investment and inventories. The former is driven by utilization rates, capital stock, relative prices, financial market conditions, financial balance sheet conditions, and government policies. Inventory investment is heavily influenced by such factors as past and present sales levels, vendor performance, and utilization rates.

The government sector is divided into federal government and state and local government. Most of the federal expenditure side is exogenous. Federal receipts are endogenous and divided into personal taxes, corporate taxes, indirect business taxes, and contributions for social insurance. State and local sector receipts depend primarily on federal grants and various tax rates and bases. State and local government spending is driven by legal requirements (i.e., balanced budgets), the level of federal grants (due to the matching requirements of many programs), population growth, and trend increases in personal income.

- II. **Production and Income.** The industrial production sector includes 74 standard industrial classifications. Production is a function of various cyclical and trend variables and a generated output term, i.e., the input-output (I-O) relationship between the producing industry and both intermediate industries and final demand. The cyclical and trend variables correct for changes in I-O coefficients that are implied by the changing relationship between buyers and sellers.

Pre-tax income categories include private and government wages, corporate profits, interest rate, and entrepreneurial returns. Each of these categories, except corporate profits, is determined by some combination of wages, prices, interest rates, debt levels, capacity utilization rate, and unemployment rate. Corporate profits are calculated as the residual of total national income less the nonprofit components of income mentioned above.

- III. **Taxes.** The model tracks personal, corporate, payroll, and excise taxes separately. Tax revenues are simultaneously forecast as the product of the rate and the associated pre-tax income components. The model automatically adjusts the effective average personal tax rate for variations in inflation and income per household, and the effective average corporate rate for credits earned on equipment, utility structures, and R&D. State taxes are fully endogenous, except for corporate profits and social insurance tax rates.
- IV. **International.** The international sector can either add or divert strength from the central flow of domestic income and spending. Imports' ability to capture varying shares of domestic demand depends on the prices of foreign output, the U.S. exchange rate, and competing domestic prices. Exports' portion of domestic spending depends on similar variables and the level of world gross domestic product. The exchange rate itself responds to international differences in inflation, interest rates, trade deficits, and capital flows between the U.S. and its competitors. Investment income flows are also explicitly modeled.
- V. **Financial.** The Global Insight model includes a highly detailed financial sector. Several short- and long-term interest rates are covered in this model, and they are the key output of this sector. The short-term rates depend upon the balance between the demand and supply of reserves in the banking system. The supply of reserves is the primary exogenous monetary policy lever within the model, reflecting the Federal Reserve's open market purchases or sales of Treasury securities. Longer-term interest rates are driven by shorter-term rates as well as factors affecting the slope of the yield curve. These factors include inflation expectations, government borrowing requirements, and corporate finance needs.
- VI. **Inflation.** Inflation is modeled as a controlled, interactive process involving wages, prices, and market conditions. The principal domestic cost influences are labor compensation, nonfarm productivity, and foreign input costs that later are driven by the exchange rate, the price of oil, and foreign wholesale price inflation. This set of cost influences drives each of the industry-specific producer price indexes, in combination with a demand pressure indicator and appropriately weighted composites of the other producer price indexes.
- VII. **Supply.** In this model, aggregate supply (or potential GNP), is estimated by a Cobb-Douglas production function that combines factor input growth and improvements to total factor productivity. Factor input equals a weighted average of labor, business fixed capital, and energy. Factor supplies are defined by estimates of the full employment labor force, the full employment capital stock net of pollution abatement equipment, the domestic production of petroleum and natural gas, and the stock of infrastructure. Total factor productivity depends upon the stock of research and development capital and trend technological change.
- VIII. **Expectations.** Expectations impact several expenditure categories in the model, but the principal nuance relates to the entire spectrum of interest rates. Shifts in price expectations or the expected government capital needs influences are captured directly in this model through price expectations and budget deficit terms. The former impacts all interest rates and the latter impacts intermediate- and long-term rates. On the expenditure side, inflationary expectations impact consumption via consumer sentiment, while growth expectations affect business investment.

## THE IDAHO ECONOMIC MODEL

The Idaho Economic Model (IEM) is an income and employment based model of Idaho's economy. The Model consists of a simultaneous system of linear regression equations, which are estimated using quarterly data. The primary exogenous variables are obtained from the Global Insight U.S. Macroeconomic Model. Endogenous variables are forecast at the statewide level of aggregation.

The focal point of the IEM is Idaho personal income, which is given by the identity:

**personal income = wage and salary payments + other labor  
income + farm proprietors' income + nonfarm proprietors'  
income + property income + transfer payments - contributions  
for social insurance + residence adjustment.**

With the exception of farm proprietors' income and wage and salary payments, each of the components of personal income is estimated stochastically by a single equation. Farm proprietors' income and wage and salary payments each comprise submodels containing a system of stochastic equations and identities.

The farm proprietor sector is estimated using a highly-aggregated submodel consisting of equations for crop marketing receipts, livestock marketing receipts, production expenses, inventory changes, imputed rent income, corporate farm income, and government payments to farmers. Farm proprietors' income includes inventory changes and imputed rent, but this component is netted out of the tax base.

At the heart of the IEM is the wage and salary sector, which includes stochastic employment equations for 23 North American Industry Classification System employment categories. Conceptually, the employment equations are divided into basic and domestic activities. The basic employment equations are specified primarily as functions of national demand and supply variables. Domestic employment equations are specified primarily as functions of state-specific demand variables. Average annual wages are estimated for several broad employment categories and are combined with employment to arrive at aggregate wage and salary payments.

The demographic component of the model is used to forecast components of population change and housing starts. Resident population, births, and deaths are modeled stochastically. Net migration is calculated residually from the estimates for those variables. Housing starts are divided into single and multiple units. Each equation is functionally related to economic and population variables.

The output of the IEM (i.e., the forecast values of the endogenous variables) is determined by the parameters of the equations and the values of exogenous variables over the forecast period. The values of equation parameters are determined by the historic values of both the exogenous and endogenous variables. IEM equation parameters are estimated using the technique of ordinary least squares. Model equations are occasionally respecified in response to the dynamic nature of the Idaho and national economies. Parameter values for a particular equation (given the same specification) may change as a result of revisions in the historic data or a change in the time interval of the estimation. In general, parameter values should remain relatively constant over time, with changes reflecting changing structural relationships.

While the equation parameters are determined by structural relationships and remain relatively fixed, the forecast period exogenous variable values are more volatile determinants of the forecast values of



endogenous variables. They are more often subject to change as expectations regarding future economic behavior change, and they are more likely to give rise to debate over appropriate values. As mentioned above, the forecast period values of exogenous variables are primarily obtained from Global Insight's U.S. macroeconomic model.

Since the output of the IEM depends in large part upon the output of the Global Insight model, an understanding of the Global Insight model, its input assumptions, and its output is useful in evaluating the results of the IEM's forecast. The assumptions and output of the Global Insight model are discussed in the National Forecast section.

# IDAHO ECONOMIC MODEL

$$EEA\_ID = EEA\_ID\_GOODS + EEA\_ID\_NONGOODS$$

$$EEA\_ID\_2100 = 4567.855 + 54.848*ID0IP2122\_2123 - 3665.535*(JULCNF/WPI10) - 15.156*(IPSG21/ENRM21) + 13.231*TREND$$

$$EEA\_ID\_2300 = 13650.426 + 493.542*ID0HSPRS1\_A + 423.036*ID0HSPRS1\_A(-1) + 352.530*ID0HSPRS1\_A(-2) + 282.024*ID0HSPRS1\_A(-3) + 211.518*ID0HSPRS1\_A(-4) + 141.012*ID0HSPRS1\_A(-5) + 70.506*ID0HSPRS1\_A(-6)$$

$$EEA\_ID\_3110 = 26358.836 + 60.245*MOVAV(IPSG311,4) - 236.379*IPSG311/EMN311$$

$$EEA\_ID\_3230 = 738.391 + 21.418*MOVAV(IPSG323,8) - 5.001*TREND$$

$$EEA\_ID\_3250 = 2372.476 + 19.414*MOVAV(IPSG3253(-1),4) - 1935.741*DUM951ON$$

$$EEA\_ID\_3320 = -1160.581 + 49.928*MOVAV(IPSG332,2) - 634.791*(JULCNF/WPI10) + 3.843*TREND$$

$$EEA\_ID\_3330 = 441.127 + 30.340*IPSG333 - 2.583*TREND$$

$$EEA\_ID\_3340 = -18419.262 + 26.865*MOVAV(IPSG3341,4) + 12.122*DUM911011*MOVAV(IPSG3341,4) - 91.317*IPSG3341/EMD334 + 327.402*TREND$$

$$EEA\_ID\_4200 = 6507.884 + 0.322*EEA\_ID\_44\_45 - 36.027*TREND$$

$$EEA\_ID\_44\_45 = 24657.973 + 152.568*MOVAV(YPADJ\_ID,4)/MOVAV(JPC,4)$$

$$EEA\_ID\_48\_49\_22 = -8384.375 + 0.844*EEA\_ID\_4200 + 4552.166*ID0NPT$$

$$EEA\_ID\_5100 = -5155.574 + 52.030*MOVAV(IPSN51112T9,6) + 20.159*MOVAV(IPSG51111,4) + 5158.240*ID0NPT$$

$$EEA\_ID\_52\_53 = -11251.499 - 6039.995*DUM981ON + 2178.101*(DUM9801004*MOVAV(SP500/SP500(-2),2) + 96.838*ID0KHU$$

$$EEA\_ID\_54\_55\_56 = -38052.026 + 155.554*YPADJ\_ID/JPC + 207.324*MOVAV(RADR,8)$$

$$EEA\_ID\_61\_62 = -48155.902 + 59653.632*ID0NPT + 82.041*YPADJ\_ID/JPC$$

$$EEA\_ID\_71\_72 = -49995.530 + 126801.480*ID0NPT - 499.072*TREND$$

$$EEA\_ID\_8100 = 2057.874 + 49.419*MOVAV(YPADJ\_ID,2)/MOVAV(JPC,2) + 1298.540*DUM931964$$

$$EEA\_ID\_DMANU = EEA\_ID\_WOOD + EEA\_ID\_3320 + EEA\_ID\_3330 + EEA\_ID\_3340 + EEA\_ID\_MFDNEC$$

$$EEA\_ID\_GOODS = EEA\_ID\_MANU + EEA\_ID\_2300 + EEA\_ID\_2100$$

$$EEA\_ID\_GV = EEA\_ID\_GVSL + EEA\_ID\_GVF$$

$$EEA\_ID\_GVF = -3266.790 + 1238786.989*EG91*(ID0NPT/N) + 4.863*TREND$$

$$EEA\_ID\_GVSL = EEA\_ID\_GVSLAD + EEA\_ID\_GVSLED$$

$$EEA\_ID\_GVSLAD = -4472.481 + 33689.989*ID0NPT + 0.306*MOVAV(ID0YPTXB(-4),4) - 3.494*DUM911034$$

$$EEA\_ID\_GVSLED = 8960.141 + 59587.259*ID0NPT*((N-N16A)/N) + 0.880*MOVAV(ID0YPTXB(-4),2)$$

$$EEA\_ID\_MANU = EEA\_ID\_DMANU + EEA\_ID\_NMANU$$

$$EEA\_ID\_MFDNEC = -3255.845 + 108.264*MOVAV(ID0IPMFDNEC,2)$$

$$EEA\_ID\_MFNNEC = 835.876 + 1.457*(CNCSR+CNOOR) + 26.113*MOVAV(IPSG322,2)$$

$$EEA\_ID\_NMANU = EEA\_ID\_3110 + EEA\_ID\_3230 + EEA\_ID\_3250 + EEA\_ID\_MFNNEC$$

$$EEA\_ID\_NONGOODS = EEA\_ID\_SV + EEA\_ID\_4200 + EEA\_ID\_44\_45 + EEA\_ID\_GV$$

$$EEA\_ID\_SV = EEA\_ID\_48\_49\_22 + EEA\_ID\_5100 + EEA\_ID\_52\_53 + EEA\_ID\_54\_55\_56 + EEA\_ID\_61\_62 + \\ EEA\_ID\_71\_72 + EEA\_ID\_8100$$

$$EEA\_ID\_WOOD = 18067.858 + 129.567*MOVAV(IPSG321,2) - 7051.720*(JULCNF/WPI08) - \\ 48.621*IPSG321/EMD321 - 61.106*TREND$$

$$ID0AHEMF = -3.875 + 15.315*(EEA\_ID\_DMANU(-1)/EEA\_ID\_MANU(-1)*JULCNF) + \\ 15.286*(EEA\_ID\_NMANU(-1)/EEA\_ID\_MANU(-1)*JULCNF)$$

$$ID0CRCROP = -682937.435 + 13112.683*CRCROP + 1101452.593*WPI01$$

$$ID0CRLVSTK = -274428.892 + 20747.811*(CRCATCVS+CRDAIRY) + 7932.123*TREND$$

$$ID0EXFP = -57009.312 + 1064462.546*WPI01 + 19241.224*TREND$$

$$ID0HSPR = ID0HSPRS1\_A + ID0HSPRS2A\_A$$

$$\text{ID0HSPRS1\_A} = -40.687 - 0.728 * (\text{RMMTGEXIST} - \text{MOVAV}(\text{RMMTGEXIST}(-1), 4)) + \\ 143.540 * (\text{MOVAV}(\text{ID0NPT}(-1), 4) - \text{MOVAV}(\text{ID0NPT}(-5), 4)) + 0.336 * \text{ID0KHU}(-1) - 0.522 * \text{TREND}$$

$$\text{ID0HSPRS2A\_A} = 5.056 + 36.293 * (\text{MOVAV}(\text{ID0NPT}(-1), 4) - \text{MOVAV}(\text{ID0NPT}(-5), 4)) - \\ 0.229 * \text{MOVAV}(\text{RMMTGEXIST}, 4) - 0.003 * \text{TREND} * \text{RMMTGEXIST}$$

$$\text{ID0KHU} = \text{ID0KHU1} + \text{ID0KHU2A}$$

$$\text{ID0KHU1} = ((0.997)^{0.25}) * \text{ID0KHU1}(-1) + \text{ID0HSPRS1\_A} / 4$$

$$\text{ID0KHU2A} = ((0.997)^{0.25}) * \text{ID0KHU2A}(-1) + \text{ID0HSPRS2A\_A} / 4$$

$$\text{ID0NB} = -9.239 + 37.574 * \text{ID0NPT} - 0.154 * \text{TREND}$$

$$\text{ID0ND} = 0.725 + 5.979 * \text{ID0NPT} + 0.009 * \text{TREND}$$

$$\text{ID0NMG} = (\text{ID0NPT} - \text{ID0NPT}(-4)) - (\text{ID0NB} - \text{ID0ND}) / 1000$$

$$\text{ID0NPT} = 0.664 + 0.005 * \text{TREND}$$

$$\text{ID0WBB\$} = \text{ID0WBBMF\$} + \text{ID0WBBOTH\$} + \text{ID0WBBCC\$} + \text{ID0WBBF\$} + \text{ID0WBBMIL\$}$$

$$\text{ID0WBBCC\$} = (\text{ID0WRWCC\$} * \text{EEA\_ID\_2300}) / 1000000$$

$$\text{ID0WBBF\$} = -90.970 + 275.743 * \text{WPI02}$$

$$\text{ID0WBBMF\$} = (\text{ID0WRWMF\$} * \text{EEA\_ID\_MANU}) / 1000000$$

$$\text{ID0WBBMIL\$} = 14.851 + 277.580 * (\text{ID0NPT}/\text{N}) * \text{GFMLCWSS}$$

$$\text{ID0WBBOTH\$} = \text{ID0WRWOTH\$} * (\text{EEA\_ID} - \text{EEA\_ID\_2300} - \text{EEA\_ID\_MANU}) / 1000000$$

$$\text{ID0WRWCC\$} = -106.480 + 2251.822 * \text{ID0AHEMF}$$

$$\text{ID0WRWMF\$} = -10374.227 + 3644.946 * \text{ID0AHEMF}$$

$$\text{ID0WRWOTH\$} = -13193.381 + 2897.413 * \text{ID0AHEMF}$$

$$\text{ID0YDIR\$} = -70.954 + 1.061 * (\text{YPAINT} + \text{ZADIV} + \text{YPRENTADJ}) * \text{MOVAV}(\text{ID0YP\$}(-1), 4) / \text{MOVAV}(\text{YP}(-1), 4)$$

$$\text{ID0YFC\$} = -11859.941 + 0.966 * \text{ID0YFC\$}(-1) + 19021.597 * \text{WPI01}$$

$$\text{ID0YINV\_R\$} = -29839.875 + 0.852 * \text{ID0YINV\_R\$}(-1) + 56217.395 * \text{WPI01}$$

$$ID0YP = ID0YP\$ / JPC * 100$$

$$ID0YP\$ = ID0WBB\$ + ID0YSUP\$ + ID0YDIR\$ + ID0YPRNF\$ + ID0YPRF\$ + ID0YTR\$ + ID0YRA\$ - ID0YSIS\$$$

$$ID0YPC\$ = ID0YP\$ / ID0NPT$$

$$ID0YPNF = ID0YPNF\$ / JPC * 100$$

$$ID0YPNF\$ = ID0YP\$ - ID0YPRF\$ - ID0WBBF\$$$

$$ID0YPNFPC = ID0YPNF\$ / JPC * 100 / ID0NPT$$

$$ID0YPPC = ID0YP / ID0NPT$$

$$ID0YPRF\$ = 128.222 + 0.171 * ((ID0CRCROP + ID0CRLVSTK + ID0YTRF\$ + ID0YINV\_R\$ - ID0YFC\$ - ID0EXFP) / 1000) + 3.123 * TREND$$

$$ID0YPRNF\$ = 61.740 + 4.328 * YPPROPADJNF$$

$$ID0YPTXB = (ID0WBB\$ + ID0YPRNF\$ + ID0YDIR\$ + (ID0YPRF\$ - ID0YINV\_R\$ / 1000)) / JPC * 100$$

$$ID0YRA\$ = -86.366 + 0.035 * ID0WBB\$$$

$$ID0YSIS\$ = -28.292 + 2.279 * TXSIEC * ID0WBB\$ / YPCOMPWSD$$

$$ID0YSUP\$ = 4.306 + 1.623 * YPCOMPSUPPAI * ID0WBB\$ / YPCOMPWSD$$

$$ID0YTR\$ = 0.463 + 837.656 * (YPTRFGF + YPTRFGSL) * (ID0NPT / N)$$

$$ID0YTRF\$ = 19176.957 + 10953.587 * TRF\$$$

$$IDWAGE = (ID0WBB\$ - ID0WBBF\$ - ID0WBBMIL\$) / EEA\_ID * 1000000$$

$$YPADJ\_ID = ID0YPNF\$ + MOVAV(ID0YPRF\$, 4) + MOVAV(ID0WBBF\$, 4)$$

## ENDOGENOUS VARIABLES

EEA_ID	Employment on nonagricultural payrolls, total
EEA_ID_2100	Employment in mining
EEA_ID_2300	Employment in construction
EEA_ID_3110	Employment in food processing
EEA_ID_3230	Employment in printing
EEA_ID_3250	Employment in chemicals
EEA_ID_3320	Employment in fabricated metal products
EEA_ID_3330	Employment in machinery
EEA_ID_3340	Employment in computers and electronic products
EEA_ID_4200	Employment in wholesale trade
EEA_ID_44_45	Employment in retail trade
EEA_ID_48_49_22	Employment transportation, warehousing, and utilities
EEA_ID_5100	Employment in information
EEA_ID_52_53	Employment in finance, insurance, and real estate
EEA_ID_54_55_56	Employment in professional, scientific, and technical services
EEA_ID_61_62	Employment in health care and educational services
EEA_ID_71_72	Employment in leisure and hospitality
EEA_ID_8100	Employment in other services
EEA_ID_DMANU	Employment in durable goods manufacturing
EEA_ID_GOODS	Employment in goods producing
EEA_ID_GV	Employment in government
EEA_ID_GVF	Employment in federal government
EEA_ID_GVSL	Employment in state and local government
EEA_ID_GVSLAD	Employment in state and local government, administration
EEA_ID_GVSLED	Employment in state and local government, education
EEA_ID_MANU	Employment in manufacturing
EEA_ID_MFDNEC	Employment in other durable manufacturing
EEA_ID_MFNNEC	Employment in other nondurable manufacturing
EEA_ID_NMANU	Employment in nondurable manufacturing
EEA_ID_NONGOODS	Employment in non-goods producing
EEA_ID_SV	Employment in services
EEA_ID_WOOD	Employment in wood products and logging
ID0AHEMF	Average hourly earnings in manufacturing
ID0CRCROP	Cash receipts, crops, not seasonally adjusted
ID0CRLVSTK	Cash receipts, livestock, not seasonally adjusted
ID0EXFP	Farm production expenses
ID0HSPR	Housing starts, total
ID0HSPRS1_A	Adjusted housing starts, single units
ID0HSPRS2A_A	Adjusted housing starts, multiple units
ID0KHU	Housing stock, total
ID0KHU1	Housing stock, single units
ID0KHU2A	Housing stock, multiple units
ID0NB	Number of births
ID0ND	Number of deaths
ID0NMG	Net in-migration of persons
ID0NPT	Resident population

ID0WBB\$	Wage and salary disbursements
ID0WBBCC\$	Wage and salary disbursements, construction
ID0WBBF\$	Wage and salary disbursements, farm
ID0WBBMF\$	Wage and salary disbursements, manufacturing
ID0WBBMIL\$	Wage and salary disbursements, military
ID0WBBOTH\$	Wage and salary disbursements, except farm, manufacturing, and construction
ID0WRWCC\$	Average annual wage, construction
ID0WRWMF\$	Average annual wage, manufacturing
ID0WRWOTH\$	Average annual wage, except manufacturing, construction, and farm
ID0YDIR\$	Dividend, interest, and rent income
ID0YFC\$	Corporate farm income
ID0YINV_R\$	Farm inventory value changes, imputed rent, and income
ID0YP	Total personal income, 2000 dollars
ID0YP\$	Total personal income
ID0YP\$PC	Per capita personal income
ID0YPNF	Nonfarm personal income, 2000 dollars
ID0YPNF\$	Nonfarm personal income
ID0YPNFPC	Per capita nonfarm income, 2000 dollars
ID0YPPC	Real per capita personal income
ID0YPRF\$	Net farm proprietors' income
ID0YPRNF\$	Nonfarm proprietors' income
ID0YPTXB	Tax base, 2000 dollars
ID0YRA\$	Residence adjustment, personal income
ID0YSI\$	Contributions for social insurance
ID0YSUP\$	Other labor income
ID0YTR\$	Transfer payments to persons
ID0YTRF\$	Government payments to Idaho farmers
IDWAGE	Average annual wage
YPADJ_ID	Adjusted total personal income

## EXOGENOUS VARIABLES

CNCSR weighted	Personal consumption expenditures, clothing and shoes, 2000 dollars, chain
CNOOR	Personal consumption expenditures, other nondurable goods, 2000 dollars, chain weighted
CRCATCVS	Cash receipts, U.S. cattle and calves
CRCROP	Cash receipts, U.S. crops
CRDAIRY	Cash receipts, U.S. dairy
DUM911011 DUM911034 DUM931964 DUM9510N DUM98011004 DUM9810N TREND	These are dummy variables used in regression equations for the purpose of capturing the impacts of discrete economic or noneconomic event such as strikes, plant opening, or closures, unusual weather conditions, etc.
EG91	Employment in federal government
ENRM21	Employment in mining
GFMLCWSS	Federal government defense personnel outlays
ID0IP2122_2123	Industrial production index, metal and nonmetal ore mining, 1997=100.0
ID0IPMFDNEC	Industrial production index, other nondurable goods, 1997=100.0
IPSG21	Industrial production index, mining, 1997=100.0
IPSG311	Industrial production index, food, 1997=100.0
IPSG321	Industrial production index, wood products, 1997=100.0
IPSG322	Industrial production index, paper, 1997=100.0
IPSG323	Industrial production index, printing, 1997=100.0
IPSG3253	Industrial production index, agricultural chemicals, 1997=100.0
IPSG332	Industrial production index, fabricated metal products, 1997=100.0
IPSG333	Industrial production index, machinery, 1997=100.0
IPSG3341	Industrial production index, computer and peripheral equipment, 1997=100.0
IPSG51111	Industrial production index, newspaper publishing, 1997=100.0
IPSN51112T9	Industrial production index, other publishing, 1997=100.0
JEXCHOITPREAL	Real US trade-weighted exchange rate with other important trading partners
JPC	Implicit price deflator, personal consumption, 2000=100.0, chain weighted
JULCNF	Index of unit labor costs, nonfarm business sector, 1992=1.0
N	Population, U.S.
NP16	Population, U.S., aged 16 and older
RADR	Real research and development spending, 2000 dollars, chain weighted
RMMTGEXIST	Effective conventional mortgage rate, existing homes, combined lenders
SP500	Standard & Poor's 500 index of common stocks
TRF\$	Government payments to U.S. farms
TXSIEC	Personal contributions for social insurance, U.S.
WPI01	Producer price index, farm products, 1982=1.0
WPI02	Producer price index, processed foods and feeds, 1982=1.0



WPI08	Producer price index, lumber and wood products, 1982=1.0
WPI10	Producer price index, metals and metal products, 1982=1.0
YP	Personal income
YPAINT	Personal interest income
YPCOMPSUPPAI	Other labor income, U.S.
YPCOMPWSD	Wage and salary disbursements
YPPROPADJNF	Nonfarm proprietors' income (with inventory valuation and capital consumption adjustments)
YPRENTADJ	Rental income of persons with capital consumption adjustment
YPTRFGF	Federal transfer payments to individuals
YPTRFGSL	State and local transfer payments to individuals
ZADIV	Dividends